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25 July 1983

NEAR EAST/SOUTH ASIA REPORT

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INTERNATIONAL AFFAIRS

BRIEFS

OMANI-IRAQI TRADE PACT--A trade and economic pact between Oman and Iraq was signed in Baghdad on Monday by Ministers from both countries. The Omani delegation, currently on a four day official visit to Iraq, is led by the Minister of Commerce and Industry, Mohammed Zubair, who has held extensive talks with his Iraqi counterpart. The results of their meeting, the first of the recently set up Oman-Iraq Joint Commission, were described as "very successful." The two sides discussed a number of trade subjects and agreed to form subcommittees to review activities, particularly the new air service agreement to be signed shortly between Iraq and Oman. Mr. Zubair has also held a series of meetings with senior Iraqi government officials, including the first deputy to the President, Taha Yaseen Ramadhan, and Foreign Minister Haamid Alwan. The other members of the delegation were the Under-Secretary of Foreign Affairs, Saif bin Nasser al Batashi; the head of conference affairs at the office of the Deputy Prime Minister for Legal Affairs, Mohammed al Alawi; the Director-General of Commerce, Ali Mirza; and Director-General of Information, Abdulla Sakhr al Amri; the head of the Department of Arabic Affairs at the Foreign Ministry, Saif Hashel al Miskiri, and the Director at the Commerce Minister's office, Tayal Gendal. The Iraqi Minister of Commerce, Mali Hassan Ali, headed his country's delegation. [Text] [Muscat TIMES OF OMAN in English 26 May 83 p 3]

CSO: 5500/404

DEVELOPMENTS IN OPPOSITION MOVEMENTS OVER PAST YEAR TRACED

London AL-SHARQ AL-AWSAT in Arabic 31 May, 1, 3 June 83

/Article: "The File on the Year's Party Experiment in Egypt"/

/31 May 83 p 3/

/Text/ More than a full year has elapsed since the actual beginning of the restoration of democracy and the new party experiment in the era of Husni Mubarak. From the time Mubarak assumed the presidency, following the murder of al-Sadat in October 1981, until the Israeli evacuation from Sinai was completed in April 1982, there was a phase of national reconciliation and a truce between the three opposition parties--Labor, the Liberals and the Grouping--and the government National Democratic Party. When this truce period ended, the opposition started to exercise its traditional role of criticizing the government and using high-pitched tones, indeed screaming tones on some occasions, to oppose its policies, domestic and foreign. Here, in three instalments, we are publishing a glance at the experiences of the past year regarding the party experiment and the relationship between the government and the opposition in Egypt.

The beginning lies in the statement Mubarak made recently, stating his conception of government, saying he would "like to become accustomed to exercising democracy, always within the limits of legitimacy, the constitution and the sovereignty of the law. We have no personal interests whatever."

Has Mubarak's notion of democracy been applied, then? If it has, has the experiment of democracy been a success?

A New Form to the Relationship

The Egyptian president outlined a new style of political activity vis-a-vis the Egyptian opposition. That began when he met with its leaders, Ibrahim Shukri, Khalid Muhyi-al-Din, Mustafa Kamil Murad and Mumtaz Nassar.

That happened more than five times at the beginning of his term, when he said that he was opening his heart and his mind to everyone who spoke and made demands and that he was prepared to study all their recommendations.

However, the situation did not last long, especially once the winds of dispute between the government National Party and the three opposition parties started to become perceptible. The first clash, which marked the end of the honeymoon between the opposition and the ruling party, and the start of a new style and different way of acting on the part of all the elements in the opposition, occurred when Fu'ad Muhyi-al-Din announced the news of the changes he had made within his party. At that point the opposition felt great disappointment, since it had hoped that a radical change would occur in the National Party ranks which would confirm the policy which the opposition wanted the regime to follow.

In the middle of the same month, June 1982, the Israeli invasion of Lebanon occurred; that brought on an explosion in the party arena and an intensification of opposition to the Egyptian government and its decisions.

Thus, less than 3 months after 25 April 1982 the style of the opposition had assumed the form of open criticism, especially on the pages of its party newspapers. Why, however, did the opposition begin quietly, then escalate? What made the opposition change its style from one of maintaining a truce with the government to one of shouting in a loud voice?

The Beginning came with the National Reconciliation

Dr Muhammad Hilmi Murad, the secretary general of the Socialist Labor Party, answers the question by stating,

"While the general rule is that every new ruler must be given an opportunity to study and declare his views on the treatment of problems and the management of affairs, there might be, even after that takes place, a sort of mutual understanding over general outlines, and then an argument over the application of the details. What happened here first of all is that there was a 'national reconciliation' based on President Mubarak's request of the opposition, at the beginning of this era, that it show consideration for the circumstances the country had gone through in terms of public security, following al-Sadat's assassination, and in terms of the approaching date for the withdrawal from the rest of Sinai, and that he was intending to study conditions so that all the opposition's goals could be achieved after the two basic goals mentioned above, security and the evacuation, were realized.

"The opposition, with all its detachments, motivated by the higher interest of the country, committed itself to this reconciliation, but lately it has been observed that President Husni Mubarak has no longer been calling for meetings with the opposition parties on an ongoing basis. However, in spite of that, we considered it appropriate to continue to do our duty in the same spirit, through the party papers we own and in a quiet, objective, legal manner, and that is the way the situation is now."

Dr Hilmi Murad added, "Regarding the nature of the relationship between us and the government in general, we object to the National Party government's position with respect to the opposition parties and its policy in general. It is our duty as an opposition to reveal to the government why we are chastizing it. Foremost

among these reasons is Dr Fu'ad Muhyi-al-Din's concern, after he assumed the position of secretary general of the ruling party, that the National Party should have the only voice in the country, to the point that what they consider the nationwide papers will give only the National Party the designation of 'party,' as if there was only one party in the country. If a reference is made by mistake, or with the objective of attacking another party, it is mentioned by name."

We Misunderstood the Government

Let us leave Dr Hilmi Murad, who expressed the view of the Socialist Labor Party, and continue on our tour to the headquarters of the Unionist Grouping Party. There we met with Phillip Jallab. Before we completed our question on the changed situation between the opposition and the government, he picked up part of the thread and rapidly replied:

"It appears that we misunderstood what the government party meant in talking about a new stage in democracy, dialogue and respect for opposition and opposing views. Democracy does not mean that the members of the opposition transform themselves into members of the ruling party. Dialogue does not mean that we should differ over the best means for supporting the government, right or wrong. We demand normalization with the National Democratic Party, especially since no one can accuse us of annexing Jerusalem or Golan, destroying the Iraqi reactor or invading Lebanon."

Jallab continued: "Some gentlemen ministers or officials certainly believe that their relatives are immune and must not be touched! They consider that any criticism of their activities and policies means casting doubts on Egypt itself and on the Egyptian people personally. The result of all truly objective criticism or attacks, and the logic and facts directed against these gentlemen, was anger, veiled and sarcastic threats on their part and a return to notorious obscene language against opposition members, charging that they receive instructions from abroad, and the subsequent order on the blacklist, to be used when needed. They thus are turning, or trying to turn, the hands of the clock back, while at the same time stressing that we are in the most extreme need of change--a change of persons which will be followed by a change of policies."

Opposition Takes Various Forms

Another presentation of the question; this time, we get a reply from the Liberal Party, in the words of its chairman, Mustafa Kamil Murad:

"Though some people consider that the opposition has shifted over into a form and a style different than the one it began with in the first months of President Mubarak's term, that is normal. The opposition takes different and diverse forms which are in keeping with the circumstances the country is going through. From October 1981 to April 1982, the experiment was still in its beginnings, and the country was going through many problems. In addition, there was the Israeli withdrawal from Sinai. We all thought it appropriate to delay discussion on any domestic subject or discussion on any of the methods to which we might seek recourse as a style of political activity, until the nation was liberated in full

first, and then after that we would devote ourselves full time to work and internal construction. This is what we did; we committed ourselves to a stage of quiescence, and then, after that, started to state our viewpoint and support or oppose the policies the National Party followed, or the current Egyptian government carried out. That is a normal matter and there is absolutely nothing wrong with it."

He went on, "Regarding the nature of the relationship between the opposition, and our party in particular, and President Husni Mubarak, it is without a doubt a good one. Indeed, it is excellent. It is true that the normal situation is that there be differences, not a dispute over views, but one which will not of necessity eliminate all the barriers that exist between us."

"We, along with President Mubarak, insist that the current democratic experiment be a success, so that we can prove, with him, that Egypt is for all the Egyptians, and not just for a single party, the ruling party." The chairman of the Liberal Party went on, "We also call upon the officials of the ruling National Democratic Party to review its policies and the methods it follows and have it realize that it is not the only party that exists in Egypt, but that there are three other parties sharing the party stage and aspiring to make the democratic experiment in Egypt a worthy example for all the peoples in the developing countries around us."

Our Relations with Mubarak Are Different Than Those with the Government

Mumtaz Nassar, an independent counsellor and proponent of the plan for the Justice Party, which has not yet come into being, shares the view of Mustafa Kamil Murad, the chairman of the Liberal Party, that one must rule President Mubarak out of the talk about party conditions in Egypt, because he must be above parties. It is true that he is the chairman of the National Party, but above and beyond that he is president of Egypt and all the Egyptians; also, the relationship between the Egyptian president and his citizens must always be good, whether they are party members or ordinary persons.

He said "However, I differ with the notion that the opposition has shifted from quiescence to violence. No such change has occurred. Rather, what has happened is a gradual transformation, a transformation in the style of the opposition, which still is calm, since all we are doing is talking, whether before the People's Assembly or in party symposia, or writing in the party papers, each of which appears once a week. These are all legitimate avenues for us, and therefore I can assert that there has been no change in the form of the opposition--indeed, I can say that what has occurred is gradual change."

Fathi Radwan, the dean of opposition members, spelled out a different notion of the change in the form of party life, stating:

"It is true that there has been a change in the level of relations between the opposition parties and various other political forces and the National Party representing the government. However, the change has come not from the opposition forces but rather from the government. The style of the opposition has not changed since the outset, when it came into being--not just in recent days. We rely on words and words alone. It is true that there might be some harsh

expressions, but we have never departed and never will depart from the limits, and if we did, the government would not let us--it would hasten to apply the law to us.

"Let me state once again that what have changed are the government's policies and methods. We believe that the clock will not turn back again, to the wrongful style of the exercise of democracy of the past, and for that reason, in accordance with the statement that every action has a reaction of equal force in a contrary direction, the national opposition forces which have no weapons but words ought to direct this weapon so that it may be used to express the opinions and attempt to make the government perceive what it is doing that is wrong."

We can summarize the conclusions of the tour we have made in the halls of opposition political parties and other forces as follows: the relationship between Mubarak and the opposition is good, while, on the other level, the relationship between the opposition and the Egyptian government is less than it ought to be.

/1 Jun 83 p 3/

/Text/ These questions are incessantly being asked in Egypt: Do the Egyptian parties have a popular base? In other words, how great is the bond between the official Egyptian parties and the masses of the people? Are they indeed truly expressive of these masses and their hopes and aspirations? Has the Egyptian opposition played its true, requisite part?

In the following lines, there is an attempt to answer all these questions. The response is in the words of the members of the opposition parties themselves, the ruling National Party, and writers concerned with following up on party life in Egypt.

Dr Hilmi Murad, secretary general of the Socialist Labor Party, says, "Parties cannot engage in their activity effectively and seriously unless provided a free democratic climate in which to perform their activity. However, what is happening now is that the parties are not living in such a climate; for that reason, their movement and activity, and membership in them, indeed dealings with them, are unnatural. Therefore they are not able to play the role they are supposed to play.

"I would like to point out here that most of the masses of various classes are in a state of indifference and total negativism. After the state we have come to as a result of what has happened all the past years, do we want the parties to play a real role?"

Dr Hilmi Murad continues, "I say that if we want all the parties to play an effective role and even be able to win in the elections in a sound, free manner, the appropriate atmosphere for that must be present, without the presence of a minimum of democracy and freedom of expression /sic/."

/Question/ However, it has been said that the opposition uses the worst style of democratic activity when it opposes the actions of the government and that it also points up mistakes but does not mention positive things.

/Answer/ The opposition has used only the method of criticizing through objective articles phrased in language devoid of the distasteful expressions which some of the people who defend the government use. General, organized, legitimate meetings are held to express opinions on policies the government pursues and shed light on the various features of shortcomings that are to be found in the country.

The opposition has not resorted to other methods which parties adopt in countries where democracy is considered a basis of government. It has not called for general strikes, nor does it organize peaceful marches to express opinions or present its demands. Indeed, in the recent period it has not held press conferences for newspapers and news agencies domestically or abroad to declare the opposition point of view on any public issue.

We do not need always to repeat the solutions which the opposition has presented to problems, and discussions of the 5-year plan; this stresses that through our criticism which is directed at errors we do not aim at anything but the public interest, which we are all seeking to achieve.

What Are the Parties Doing?

Dr Yahya al-Jamal, the vice chairman of the Unionist Grouping Party, begins his statement by wondering "What are the parties doing in the midst of this atmosphere?" He continues, "In the event that there is real democracy, we can ask the parties to play their part, but, more than that, blame should not be placed on them. We are doing all we can, and the rest lies on the shoulders of the government, which has the responsibility of abrogating the restrictive laws which have appeared in recent years, eliminating the conditions restricting the establishment of new parties, and giving all parties a real opportunity to play their desired role. Until that happens, we will not be able to say that the parties have any effect worth mentioning, although their role is needed and their existence is basic to any exercise of democracy."

/Question/ It has been said that you criticize persons and not programs or actions.

/Answer/ That is certainly not true. We are against the use of bad language, but don't you agree with me that the personal and public conduct of a person who devotes his whole life to public activity is the property of his nation? That condition exists in the most deep-rooted democracies. The important thing is that he not be slandered or that distasteful words be used. I do not believe that the opposition has committed aggression against anyone in his personal life, but all the criticisms have been directed against the public conduct of the people we are criticizing.

Dr al-Jamal added, "The opposition parties have the duty, and they have performed it, of studying the problems facing the country, if only a step at a time, for the sake of solving its many problems, and I believe that that is what the opposition parties are engaged in now."

The Opposition's Solutions Are Illusory

Muhammad Rashwan, the minister of state for People's and Consultative Assembly affairs, replies to the abovementioned opinions by stating, "The opposition claims that it has offered solutions to all Egypt's problems; if the government adopts them, they will rid us of all these problems overnight. The strange thing is that there are eight ministers among the leaders of the opposition, some of whom previously were in charge of the Ministries of Education, Agriculture, Planning, Internal Trade and Administrative Development in the past 10 years; why didn't they apply their practical, unique theories while they were in power? The people do not forget, thanks be to God."

He goes on, "Are demonstrations and marches the democratic approach and the successful remedy to the economic legacy that Egypt is suffering from?"

"Independent thinking is desirable, but sincerity and good intentions are needed, not the beating of drums, auctioneering and the provision of illusory studies that cannot be carried out but rather will make us regress and constitute social and economic pressures for the majority of the people."

The minister of state then continues, "However, it is to be observed that the more the problems within the opposition parties and the struggles among their detachments increase, the more their excesses increase, and they say, 'Democracy is in danger, and the cause of all problems is the absence of democracy.'"

"In the past they said, 'You can lie to the masses once or twice, but the third time what you are up to will be exposed. Therefore, we are in favor of democracy but against chaos and the dominance of Egypt.'"

The Parties Are Not Participating in the Construction of Egypt

/Question/ Independents: do you believe that the parties that exist have played their part?

Mumtaz Nassar, the independent counsellor, says, "To be truthful with ourselves, we must admit that none of the existing parties have played the role requested of them. This is not a shortcoming on their part but rather a deficiency in the laws and rules governing the sound pursuit of democracy. How can I ask a specific party to take part effectively in building up the society and implanting the foundations of social justice, while I am battling it with many laws restrictive of freedoms? Of course, in this situation we are living in, the parties cannot play their part as effectively as desired, but rather become just a false facade of democracy."

/Question/ The opposition papers have gone beyond their limits: what is your opinion?

Shaykh Salah Abu Isma'il, the independent deputy, said, "If there are excesses in what the opposition papers are publishing, a law exists, and, though we have

reservations about it, let it be applied, if there are excesses. What I do know is that as long as there are people who are talking on about democracy, let them open their hearts to the opposition. Otherwise, they are looking only for an opposition which will pretend not to notice their mistakes and will heap praise on the steps they have taken. Is that to be considered opposition?"

They Have No Popular Base Either

/Question/ What about the opinion of Egyptian women, who have now started to take part in political activity with men?

Dr Nawwal al-Sa'dawi objects to the role of the parties and describes them as having no popular base. She says:

"If the parties that exist were strong and had roots among the people, the masses would have rallied around them and they would have been able to play an important role in pushing for change. However, what I observe is that most political and party leaders in Egypt turn their faces to the ruler and their backs to the masses."

She adds, "The Indian leader Gandhi led his revolution in the village, among the people, but we do not see party leaders going to villages except during elections. We must be objective and criticize ourselves before the government criticizes us. We are calling for democracy and expect the ruler to implant its foundations, but democracy is not given, it is taken, through effort and conscious organized action. All the countries that have acquired democracy have acquired it this way."

Four Reasons for the Era of Political Anxiety

The political writer Ahmad Baha'-al-Din comments on the climate of political anxiety that Egypt has been experiencing by saying:

"The reason for this atmosphere of contentiousness rather than dialogue is that Egypt now has 'geological' political strata which have not been buried, as is usual--rather, all can be seen at the same time. On the stage we have protagonists of at least four periods that followed one another rapidly:

"The period that preceded the revolution.

"The period of Nasirism, in one way of speaking, or the first republic in another.

"The al-Sadatist period, or the second republic.

"A new era, which from the first moment I called 'the third republic,' that is, the era of President Mubarak, which I declared and expected, also from the first moment, would be a new era and a third republic.

"The protagonists of all the first three periods are pushing cheek by jowl to get a place, or the highest place, in the third republic.

"On top of that, none of the three periods was a single 'silent bloc,' but reverberated with more than one group and more than one struggle.

"This all places great responsibility on anyone who assumes the task of governing, the task of opposing, or the task of contributing ideas on subjects on which we want to have a dialogue."

/3 Jun 83 p 37

/Text/ In this third and last instalment of the file on the party experiment in Egypt, we will shed light on the role and positions of the independents, especially since political and party circles in the Egyptian capital have been witnessing a dialogue among various political forces and parties on the amendment of the system of elections to the Egyptian parliament, basing them on party lists instead of individual election, as is the case with the Consultative Assembly and the local assemblies, where they took place by absolute list and were boycotted by the opposition parties.

Views differ on the system of election by party lists; the ruling party requests that the elections be by absolute lists, and the opposition parties reject this view, demanding proportional lists so that they can be assured proportional representation in parliament. Between both, there stands a third group, the independents, who reject elections by lists, proportional or absolute, and demand that the present situation continue, because lists would compel them to join one of the existing parties or leave the arena of political activity. What do these independents say? Do they belong to any of the existing parties or do they constitute a new one?

At the outset, Dr Sulayman al-Tamawi, an independent, dean of the Faculty of Law at 'Ayn Shams and member of the Consultative Assembly (by appointment), says "One point that must be taken for granted is that parliamentary democracy proceeds soundly only through political parties. One of the great scholars of constitutional law in Britain has compared the parties in the government system to 'steam in the train,' since it has been proved, through experience, that political parties are the true foundation of every parliamentary system, and that it is parties which represent the desires of a general segment of the citizenry and strive to realize them by democratic means. They also represent continuity and stability, in light of the short life of regimes in parliamentary countries. It is the parties which draw the government's attention to mistakes and convey the masses' desires to it. Lastly, they are the 'nursery' which produces leaders and are the most precious asset the people possess to all of these ends."

Dr al-Tamawi asserts, "Parliamentary democracy cannot function properly without parties. Therefore, the phenomenon of independents is not a normal one--the normal situation is for everyone who wants to engage in party activity to belong to a party which he works with to achieve the goals he believes in through democratic means.

"A party is a society, and the principle is freedom to establish parties. If a party's objectives are not compatible with the general system embodied in the constitution, the government has the right to oppose its establishment. The basic

point is the freedom to establish parties; the first and last word on the establishment or survival of a party lies with the people, but the circumstances Egypt has gone through, where parties were eliminated, then a single party organization, the Socialist Union, was established, and finally there was the stage of a number of parties in the context of the current Law on Parties, with permission in advance from the government, all underline to us that we have not yet attained the traditional freedom of the right to form parties, and this is perhaps the reason for the appearance of the phenomenon of the independents, because many citizens have not been won over the parties that do exist."

Dr al-Tamawi says, "There may be reasons peculiar to some members which prompt them to avoid parties, among them professors of constitutional law and political science in the universities. Professors in this situation describe all the political doctrines that are to be found, analyze them and criticize them for all the students, since their inclinations differ and the environments from which they come are diverse. If a professor already belongs to a party, he will lose his academic impartiality, since he will be compelled to defend the principles of this party, which is what is known as party commitment. Therefore, in many of my scholarly writings, I have stated that it is necessary to stipulate that some leadership positions be separated from political activity and party affiliations; it is necessary to prevent governors and university presidents from being affiliated with parties."

A Phenomenon That Will Endure

He asserts, "The phenomenon of independents will endure as long as the party system in Egypt is not founded on sound bases, although the president has the right to appoint a specific number of members to the People's and Consultative Assemblies, and they can be independent.

"However, if the system of election by lists is adopted, the phenomenon of independent deputies will to a large degree diminish, since the law stipulates that the lists are to be restricted to parties. That will totally eliminate the phenomenon of independent members of parliament unless the president appoints 10 independent deputies. He also has the right to appoint one third the number of the members of the Consultative Assembly."

Dr al-Tamawi recommends "Regarding the lists, it should not be stipulated that the lists be by parties; rather they should be open, so that independents in some districts will be permitted to form lists among themselves, and the formation of lists by party members or independents should be open. I consider it necessary to review the current Law on Parties to permit the free formation of parties."

A Supporter and Opponent!

Dr Ibrahim 'Awarah, an independent deputy in the parliament, asserts, at the start of his conversation, "Independents, in the context of the party system in Egypt, are not supporters or opponents. Sometimes they support the ruling party and oppose minority parties on some issues, and vice versa.

"However, the independents mostly sympathize with opposition minority parties, and the minority parties sympathize with them on subjects they raise within parliament. In general, independents do not find that the existing parties satisfy their desires or their demands and political and intellectual beliefs. The solution is to make it possible to form parties so that the independents will be able to form a party."

Dr 'Awwarah asserts, "Amending the system of election by proportional lists will not compel me to join any party, the ruling one or those in the opposition; rather, I will seek the aid of the judiciary and will contest its unconstitutionality."

"In any event, the Egyptian party system has not yet become stabilized. Independents are better than party deputies, because individualism dominates the thinking of the Egyptian majority and minority parties, through the party chairmen or leaders, and the independent deputies have to honor the votes of the elector, or they will join parties so that the voters will not be deceived."

The Proportion of People Participating in the Parties

Fahmi Nashid, independent member of the Consultative Assembly and vice chairman of the Federation of African Lawyers, says, "I have not yet joined any of the existing parties, because I am a Wafdist, and was a founding member of the New Wafd Party until it was dissolved. I will not join any even if elections are carried out by lists, because I have not been won over by the thinking of the existing parties, in spite of my respect for this idea. I would have preferred to retain the current system of elections, especially since the percentage of citizens belonging to existing parties accounts for no more than 10 percent of the citizens who have the right to exercise political rights. How can we prevent 90 percent of the citizens from being represented by people who support them? Independent deputies in reality represent a dominant intellectual and political tendency in the society, which is to reject the existing parties and seek the formation of new ones."

Hasan al-Jamal, an independent deputy in parliament who represents the religious current in parliament, says, "None of the existing parties are parties in the usual sense. Rather, they are the Socialist Union and the single organization in another form. The Law on Parties must be amended so that it will be permitted to form parties which represent the tendencies of the independents, especially since they oppose the notion of the existing parties and are also opposed to the government and more predisposed to opposition parties--although there are positions on which independents abstain from voting in parliament, as a compromise between support and opposition."

11887

CSO: 4504/420

CIRCUMSTANCES OF RESIGNATION OF LEFTIST PARTY DEPUTY SECRETARY PROBED

London AL-SHARQ AL-AWSAT in Arabic 3 Jun 83 p 3

/Article: "Implications of Al-Jamal's Resignation from the Grouping Party"/

/Text/ The resignation of Dr Yahya al-Jamal, the deputy secretary general of the Grouping Party and one of its founding members, has created a cloud of obscurity about the future of the party, and raises many doubts about the validity of the shape of the alliance on which the party was founded. It includes three distinct political currents--the Marxists, the Nasirists and the Arab nationalist current, which is represented by the deputy secretary general of the party who has resigned.

In the circles antagonistic to the party, the resignation has been portrayed as an explosion from within prompted by the nationalist wing, but a well informed source within the party told AL-SHARQ AL-AWSAT "The nationalist current does not constitute a major force within the party--indeed, it is the smallest of the currents that exist in it. The reactions to the resignation are restricted to the person of Dr Yahya al-Jamal. Dr Ahmad Muhammad Khalafallah resigned earlier, but the religious current within the party was not affected. The journalist Muhammad 'Awdah suspended his membership, but the Nasirist current was not affected by that. Regarding the possibility that the party might break up, the same source said,

"Even if Khalid Muhyi-al-Din resigns, that will not happen to the party, because the party has its own internal structure and a solid nucleus which cannot be broken by the mere resignation of any given person, no matter what his party status might be."

AL-SHARQ AL-AWSAT has learned that the direct cause of al-Jamal's resignation was the strong dominance imposed by Dr Rif'at al-Sa'id over the party's activity, making use of the complete trust the party secretary general had in him, which reached the point where the deputy secretary general, al-Jamal, no longer had any party authority except for a token chairmanship at meetings of the secretariat general of the party when Khalid Muhyi-al-Din was traveling, and that al-Jamal had complained a great deal about the Egyptian Communist Party group's dominance of the party and the fact that its orientations were impregnated with its own political coloring.

Al-Jamal told AL-SHARQ AL-AWSAT that the interview that was published in the Cairo magazine AL-MUSAWWAR last Thursday had been held in December 1981; at that time,

the party leaders intervened and asked him not to publish it, lest that create a furore within the party, and that the reasons for the dispute which he presented in his interview with AL-MUSAWWAR magazine could be discussed.

Following the publication of the resignation, Makram Muhammad Ahmad, the editor in chief of AL-MUSAWWAR, got in touch with him and asked his permission to republish the interview after some changes corresponding to the resignation and the reasons for it were made.

Al-Jamal stated:

"This is nothing new. It goes back more than 2 years. It was postponed by the conduct of President al-Sadat in his final days, because the situation at that time demanded that all nationalist forces, in spite of the contradictions among them, stand up to the vicious attack that Zionism and America were making on Egypt and the whole Arab nation.

"From that time, there was talk about the party crisis. The real approach was to find a way out of this crisis which involved transforming the party into a real party for the masses, expressing itself on behalf of the Arab masses in Egypt, interacting with them, and being capable of leading them. However, what happened was that we all shrank from realizing and expressing the real feelings of the masses. A small active group in the party managed to impregnate the party with its own political coloring. This small group of colleagues, in my estimation, is far removed from the pulse of the Arab man on the street in Egypt; the party, in the best of conditions, continued to be respected in intellectual circles, but it is not a mass party. I believe that in order for the Grouping to be a real grouping, it will have to be a party which speaks for the broad classes of the society and represents in its totality the employees of the government and the public sector, the small landowners, the farmers, the agricultural workers, and the productive capitalists."

Al-Jamal added that the center of fermentation and the spirit of the party no longer truly expressed the makeup of society. Al-Jamal explained the fact that it had not changed this atmosphere within the party by stating:

"This is a deficiency on my own part, and I am not making accusations at anyone."

Concerning the position which the secretariat of the Central Committee had taken of rejecting the resignation, he said:

"I am honored by my colleagues' feelings, but my resignation was not an impulsive act; rather, it was the result of long thought. While some people may criticize the timing of the resignation, my resignation would have had the same effect, the same reactions and the same attempts to exploit it that it has had." He stated that there was absolutely no connection between his resignation and the article by Dr Fu'ad Mursi, who spoke about the return of the atmosphere of September, although this was the cause of the reply to Mursi, rejecting what he had said in another article in the same paper, AL-AHALI.

Concerning rumors that had been bruited about, that the resignation was an attempt to court President Mubarak, Dr Yahya al-Jamal said,

"I am not seeking positions. I was a minister once. I am more proud of my position as professor of constitutional law than anything else."

AL-SHARQ AL-AWSAT has learned that tremendous attempts to put pressure on al-Jamal to abandon his resignation were made, and are still continuing, specifically on the part of his friends Khalid Muhyi-al-Din stated, during these contacts with al-Jamal, that he was the last person who should leave the party. Dr Isma'il Sabri 'Abdallah refused to comment on the resignation and its political significance, on the grounds that there was a party decree that statements in this regard would be restricted to Khalid Muhyi-al-Din, the secretary general of the party, lest contradictions occur among statements and matters become confused.

After the meeting of the secretariat of the Central Committee--the political bureau--Khalid Muhyi-al-Din, the secretary general of the party, stated that what concerned him most of all was that al-Jamal had not argued with them over a single party position in the course of the past years, but rather had continued to be in favor of all the party's political steps, up to the final statement bearing on the Lebanese-Israeli agreement. Khalid added that al-Jamal had not declared any differences with the party's positions and, in the contacts that were made with him, had not mentioned the reasons for the resignation, and that the secretariat general would meet with him next Saturday to discuss all the reasons he presented which had led him to submit his resignation.

The secretary general of the party said that what was said about the party's dominance by the Marxist current was not true, because all forces and currents were represented in the central committee and secretariat general of the party, and indeed the national current was politically more extreme than the Marxist one.

Husayn 'Abd-al-Raziq, the editor in chief of AL-AHALI, stated that there were no disputes between the paper's policy and al-Jamal: the latter had recommended to the secretariat general of the Grouping Party, at its meeting Monday 25 April 1983, that appreciation and thanks be directed to the editorial board of AL-AHALI, and al-Jamal himself had chaired this session, because Khalid Muhyi-al-Din had traveled abroad; this happened after the publication of the first instalment of Haykal's book "Autumn of Fury" and the government's decree prohibiting its publication.

'Abd-al-Raziq also added that al-Jamal would continue to write his weekly column "For the Sake of God," which is published in AL-AHALI.

Concerning what has been stated about the dominance of the newspaper AL-AHALI by the gang of four, who consist of Husayn 'Abd-al-Raziq, Salah 'Isa, and their two wives, Faridah al-Naqqash and Aminah al-Naqqash, 'Abd-al-Raziq said:

"The newspaper has a board of directors which was elected by the Central Committee of the National Progressive Grouping Party in accordance with the bylaws set out by the central committee, which defines the various levels of job responsibilities

in AL-AHALI newspaper. Foremost among these, an editorial board of directors is to be established which is to be responsible for the management and direction of press activity and is to meet twice a week and determine everything that is to be published in the paper. The members of the editorial board number 11, including Muhammad Sid Ahmad, the managing editor, Husayn Sha'lan, the editorial secretary, 'Abd-al-Ghani Abu-al-'Aynayn, the technical overseer, Philip Jallab, Husayn 'Abd Rabbuh, Salah 'Isa and Wajih al-Sharbatli. I claim that no nationwide paper in Egypt is run in this sort of democratic manner."

AL-SHARQ AL-AWSAT has learned that the reasons and justifications which al-Jamal will present to the members of the Central Committee secretariat will be the object of broad study within the party and that there are political forces and leadership personalities who find that that resignation must be a warning to the party and lead to a long pause for thought in which the party must review itself and that the slogan of self-criticism must be translated into practical, sincere action.

AL-SHARQ AL-AWSAT has learned that contacts are underway between the Nasirists outside the Grouping Party and the Nasirists inside it to break off from the party and form a new Nasirist party.

AL-SHARQ AL-AWSAT has also learned that al-Jamal's resignation will be a prelude to a series of resignations by some leading personalities in the party, which might prompt the Central Committee secretariat to call for an emergency meeting of the party conference.

11887

CSO: 4504/420

TELEPHONE AUTHORITY CORRUPTION SCORED

Cairo THE EGYPTIAN GAZETTE in English 16 Jun 83 p 3

[Editorial]

[Text]

Is installation of a telephone free, or does it cost LE 1,000 ? A reading of procedures informs that a telephone may be installed free by sending in an ordinary application and waiting one's turn in the queue. 'Urgent' applications, which the Telephone Authority at present has received 11,000, costs LE 1,000. The money does make a difference, for urgent applications are processed as fast as the lines are produced. The last applicant on the list of 11,000 therefore may expect to have his telephone installed about 12 to 18 months after payment — in advance — of his LE 1,000. If 11,000 lines have not been made available by that time he will get his money back, the Authority says. This is not much of a service for LE 1,000, considering that the facility is theoretically free. No phone after 12 months of waiting, no interest on the advance paid LE 1,000. But what is to be done as long as the demand on telephone lines is greater than the supply ? 'Urgent' however, is hardly an appropriate adjective to use under the circumstances.

Now consider the applicant for a free telephone, countless thousands of whom have been on a waiting list for up to two decades. If there are not enough lines to ensure that every 'urgent' applicant can be guaranteed a phone, at as high an incentive as LE 1,000, what are the real — as opposed to theoretical — chances of ever acquiring a free phone ? The fact is that a large proportion of individuals receiving telephones today for payment of LE 1,000 have been in the free queue for 10 or 15 years. They

receive no discount on the LE 1,000 for having moved up the other list; nor, to our knowledge, does the bureaucracy of acquiring an 'urgent' telephone — which is considerable, involving documents, queuing telegraphic correspondence and so forth — extend to the formality of removing the 'free' application from the files. This, plus the fact that an applicant of 15 years standing could not reasonably have failed to receive a phone by now if there had been no queue-jumping, indicates that the free application procedure is virtually, not to say totally, meaningless to the Telephone Authority, or to the methods practised within that establishment. In reality there is no such thing as a free telephone, where the ordinary citizen is concerned. So why not say so ?

The argument the public has been given is based, not on the shortage of lines, which is an excusable reality, but on past abuse of the system by corrupt officials and businessmen. The 'free' list, in fact, probably has not moved forward at all for several years while corrupt politicians received free phones and corrupt businessmen received phones for bribes that spiralled beyond LE 1,000. All were queue-jumpers. The bribe thus progressed, as the sum involved escalated and the lines diminished, from an incentive bribe to a formalised bribe or a 'fee' to the official with access to the proper rubber stamp. The fixing of the 'urgent' fee at LE 1,000 would represent a mean level for the bribes paid prior to the scheme's introduction, with the difference being that the money now goes to the Authority and not into the pocket of an individual. In other words LE 1,000 is roughly the value of a telephone, based on the rules of free market supply and demand. These are the rules which operate throughout the economy behind government fixed prices, behind bank exchange rates, behind every innocent taxi meter, behind the counter of the co-op and behind every discrepancy between a fixed 'front' policy and the supply-demand realities. Like water, prices always seek out their natural level.

So if a phone costs LE 1,000, as the Authority has discovered to its advantage, why retain the pretence that it can be free ? If free market laws operate everywhere, in the form of the black market, why not make it official and be done with a hypocrisy which is no longer believable. Were even a

small part of the public being protected by continuing the pretence, it would perhaps be worthwhile — though the contradiction should be honestly stated. This, however, is no longer true. And finally we would warn the Authority : now that the 'urgent' list has reached saturation and the waiting period has surpassed a year, free market rules are certain to take over again within the Authority. Saturation means the value of a phone has already gone beyond LE 1,000. Queue-jumping will begin again and corrupt telephone officials will be pocketing the balance.

CSO: 4500/236

EDITORIAL SCORES RAILWAY AUTHORITY

Cairo THE EGYPTIAN GAZETTE in English 12 Jun 83 p 3

[Text]

A TRAIN accident is the kind of tragedy, wherever it happens, whatever the cause, however many or few it maims, which draws sympathy not merely from the number of its immediate victims but from the fact that it could have happened to almost anyone. Almost everyone uses the railroads and in Egypt more often than other countries. Two major train crashes in two weeks multiplies the impact felt by the public several fold. Three major train crashes in as many months constitute not three separate tragedies but one national disaster. Accident is no longer an excuse — indeed should never be forwarded as an excuse at the present stage of development in rail travel. Nor can there be occasion for comparisons with other countries, for we have no knowledge of any country that has as bad a record as Egypt has now, or that could be excused if this were so.

There has been some speculation that the train which caused the collision by halting on the tracks some way outside Assiut had been stopped by pedlars pulling the emergency bell in order to get off, this practice being described as a «widespread phenomenon.» The immediate cost of Saturday's prank was 24 dead and 47 maimed, and the destruction of two trains. In wider terms the cost extends to the despair which has reached almost epidemic proportions among the general public. If the Railway Authority lacks equipment, the excuse given most often after such tragedies, employs drivers who blithely ignore traffic signals, as was the case in the appalling 'accident' a few months ago on the Cairo-Alexandria line, and condones as a «widespread phenomenon» abuse of the emergency bell — an offence

which entails suitably stiff jail sentences in every country with a rational penal system — then the Railway Authority is not functioning on an organised, lawful or humane basis. It is functioning on luck, and its luck has run out, or more precisely the luck of the commuting public.

But the situation is even worse than this, for the Authority, which is known to be penniless, has just invested in a 'supertrain' of unknown cost for the Cairo-Alexandria line whose chief attribute is a maximum speed of 160 kms an hour. It could, in other words, cut a half hour or so off the journey time — if it were operated at full speed capacity, if the necessary rail equipment were installed, if the driver took note of the traffic instructions and if other trains were not in the habit of travelling at lower speeds or parking whenever a sandwich vendor felt like getting off. That is to say the 'supertrain' could function, in the manner for which it was built, somewhere else, in a country where the Railway Authority was functioning on more than luck, in a country which could afford to pay for such luxuries having first paid for the basics. Not in a country where the bulk of the Railway Authority's operating locomotives date to the second World War and money is not available to replace them.

What depresses the public more than anything about the tragedies, or rather disasters, which have followed one another in horrifying succession these past months is the inner suspicion that all of them are symptoms of a single disease, of a «widespread phenomenon» combining in efficiency down the line, an utter absence of safety precautions, corrupt or distracted management — and we would say distracted rather than corrupt in the case of the Minister of Transport — ignorance in high places and dissatisfaction at the bottom. But this is not good enough, not good enough at all. A diet of disasters, absurd disasters makes for a very unhealthy, unsettled society. It is time, surely, for a rest.

SUBSIDIES TO BE CUT IN 1983-1984 BUDGET

Paris AN-NAHAR ARAB REPORT & MEMO in English No 24, 13 Jun 83 pp 4-5

[Text]

The Egyptian government announced last week that subsidies for food and basic commodities would be cut by EL 354 million (EL 1 = \$1.41) in the budget for fiscal 1983/4 which starts on June 30 this year. At the same time, direct taxes will be increased by EL 443 million to EL 2,752 million, and consumer taxes will rise by EL 349 million to EL 2,300 million.

The reduction in subsidies follows a slight increase of EL 40 million in the last budget. It takes the value of these allocations to the lowest level since 1980/81, when they represented more than 27 per cent of state expenditure. In the new budget, subsidies account for only 17 per cent of expenditure.

In the past, food subsidies have taken up about three-quarters of total allocations of this kind. But Finance Minister Dr Salah Hamed did not specify exactly where the cuts will fall when he presented his budget to the People's Assembly last week. There are as yet no signs that the government is willing to raise bread prices - it was this move which prompted the riots in Cairo and Alexandria in January 1977 - but an increase of 2 piastres in the retail price of gasoline is widely expected.

This would take the price of normal petrol to 17 piastres per litre and the price of what is described as Super (about 84 octane) to 18 piastres. This would not affect subsidies, however, except in what Petroleum Minister Ezzedin Hilal has called their disguised form. Mr Hilal has estimated the value of disguised subsidies at EL 3,000 million and repeatedly urged the government

to raise the consumer prices of energy, both gasoline and electricity, to help curb increases in demand currently running at about 15 per cent per year.

Dr Hamed said that one of the aims of the budget was to curb inflationary pressures by limiting state expenditure. The overall level of state expenditure will rise by EL 1,096 million to EL 9,841 million, while revenues are budgeted to increase by EL 1,291 million to EL 9,984 million. This gives a nominal current surplus of EL 143 million, but because of the government's arcane accounting methods, the true net deficit will be EL 1,300 million, which is EL 200 million lower than last year, Dr Hamed said.

Wages to state employees are to rise by EL 481 million to EL 2,925 million, representing 29.7 per cent of expenditure, compared with 27.9 per cent last year. What Dr Hamed failed to point out was that in 1981/82, wages accounted for 29.4 per cent of expenditure.

State investments meanwhile are to rise from EL 3,936 million to EL 4,800 million, virtually all of this for fixed capital investments. EL 4,400 million has been earmarked for state projects and EL 400 to promote the self-financing of public sector companies. State aid to the private sector is to rise by EL 185 million to EL 1,525 million.

A total of EL 1,761 million has been allocated to service the public debt, of which EL 471 million is for foreign debt, Dr Hamed said. The operating budget of the armed forces rises from EL 1,472 million to EL 2,132 million.

CSO: 4500/236

SUEZ CANAL REVENUES TO TOP \$1 BILLION IN 1983

Paris AN-NAHAR ARAB REPORT & MEMO in English No 24, 13 Jun 83 p 5

[Text]

Earnings from the Suez Canal are expected to reach more than \$1.1 billion by the end of this year, up \$210 million on last year's figure, the Suez Canal Authority (SCA) announced last week. The waterway brought in \$940 million for the Egyptian Treasury in 1982, making it Egypt's third-biggest source of foreign exchange after oil and workers' remittances from abroad. Tourism also provided substantial amounts of foreign currency for the hard-pressed Egyptian economy.

The first phase of an expansion project to enable the canal to handle all types of ships apart from very large crude carriers (VLCCs) was completed in 1981, by which time revenues had risen to \$647.6 million, compared with \$220 million before the 1967 war. But the SCA does not intend to embark on the \$900 million second phase of the expansion scheme which would allow the waterway to accommodate ships twice as big as those that can now pass along it. Last April, SCA Chairman Mashour Ahmed Mashour announced that Egypt would wait until 1985 or early 1986 before drawing on loans provided by Japan, the World Bank and Gulf countries for the project.

Although construction would cost less now than later, the decline in world oil trading, as well as the gen-

eral recession, have thrown the economics of the scheme into doubt for the time being. The SCA's Director of Planning and Research, Abdel Aziz Dissawy, was recently quoted as saying that "the revenues gained at present (from expanding the canal to take VLCCs) would not cover the expenses of the project. And frankly, we don't see that the navigation of the world needs it." His view is borne out by the percentage fall in the net oil tonnage using the waterway. In pre-1967 days, oil shipments accounted for 72 per cent of tonnage passing through the canal. By 1981, the figure had fallen to 39.5 per cent, slipped to 36.8 per cent last year and is expected to decline again this year.

However, net tonnage, on which the tolls are based, has risen to an average of 956,000 tonnes a day in April from 768,000 tonnes a day in 1980. Dry cargoes, such as Rumanian iron ore or cement from southern Greece and Rumania, have helped to replace oil shipments, raising overall net tonnage by about 5 per cent a year.

The SCA has also tried to encourage oil traffic by charging concessionary rates for tankers. A new source of traffic emerged with the completion earlier this year of the trans-Arabian oil pipeline to Yanbu on the Red Sea. Crude oil from the pipeline is loaded onto small tankers at Yanbu and transported via the canal.

CSO: 4500/236

PEOPLE'S ASSEMBLY DISCUSSES REPORT ON YOUTH PROBLEMS

Cairo AL-AHRAM in Arabic 20 May 83 p 6

[Article by 'Abd-Al-Jawad 'Ali: "Employment of Youth During the Summer in Developmental and Environmental Services Projects. Solution to Problems of Sports Trainers Instead of Resorting to Foreigners. Expansion of Science Clubs and Hobby Centers to Develop Youth Capabilities."]

[Text] The People's Assembly will discuss the youth committee's report on the government's policy for solving youth problems, during its upcoming sessions under the chairmanship of Dr Sufi Abu-Talib. The report recommended the need to benefit from youth energies, particularly in summer, by making them work in environmental services projects and projects of social and economic development in food security, construction, literacy, family planning, hygiene and vocational training, in addition to solving problems of sports coaches to raise the level of various sports and benefiting from them, rather than relying on foreign trainers, plus the expansion of science clubs and hobby centers to develop capabilities and skills of the young.

The report confirms the need to benefit from the facilities of youth centers where it is possible to conduct environmental services, supervised by officials from the centers, and through which the general goal of education can be achieved, and to have concern for the boy and girl scout movements, and to work toward supporting their budgets and providing them with necessary assistance to firmly establish a spirit of belonging, leadership, morals and discipline among youth, to spread this movement in factories, to guide production, and the need to educate youth in religion and nationalism, the inclusion in youth clubs' cultural programs the history of Egypt and the study of Islamic, religious and national figures.

The report recommends the proliferation of sports medicine centers in all governorates, since it is one of the types of medical care offered athletes to ensure the level of athletic eligibility on a sound scientific basis and founded on convincing standards and tests.

The youth committee further recommends the introduction of basic adjustments to the higher council for youth and sports to ensure its effectiveness in carrying out its mission in its comprehensive national planning, which includes defining the responsibilities of all sectors without duplication, and to permit it to undertake its basic job in planning, following up and pooling efforts in national activities, in addition to its role of strengthening youth, sports and foreign relations with friendly Arab and African nations.

12325

CSO: 4504/411

MINISTRY ENCOURAGES MINORITIES, DISCRIMINATION

Cairo AL-AHRAM AL-IQTISADI in Arabic No 750, 30 May 83 p 4

[Article by 'Isam Rif'at: "Most Unusual Conditions for Hiring Help."]

[Text] In an obvious advertisement printed in one of the daily newspapers a few days ago, there was a definite and clear encouragement of discrimination and deepening of natural differences between fellow citizens. The ad placed by the Ministry of Agriculture and Food Security, the Egyptian Major Cereals Improvement Project and the EMCIP Consortium for International Development, calls for Egyptian and American contractors to apply for the project. It specified seven clauses for the contract, all ordinary and acceptable, with the exception of the seventh clause.

What does the clause state?

It states the following: All contractors are expected to hire workers from minorities and women's ranks whenever possible for that contract. It also applies to the American contractors, according to directive No 11246, dated 24 September 1965.

It therefore appears that this clause encourages minorities while promoting discrimination of color, religion or sex, which is unacceptable in a unified Egyptian society. There are no minorities and no racial discrimination for any reason or in any form. In fact, women may well outnumber men in Egypt, according to published statistics. The reasoning which one may follow upon reading this clause, is that directive No 11246 dated 24 September 1965 may be excellent for American society which is based on racial discrimination and persecution of blacks. Women there must fight for their liberation and to achieve equal rights with men; especially in the work field. These are all matters unknown to our society. Furthermore, women in Egypt have attained rights that far surpass their American counterparts.

This matter may be applicable to American society and its own circumstances, but it is of no use whatsoever to Egyptian society.

We Wonder

Is racial discrimination and the fomenting of minority troubles being exported under the guise of aid and cooperation?

Could aid and cooperation lead to subordination even in the field of law enforcement?

American funds do not mean application of American laws to joint venture projects on Egyptian soil.

The printed ad has been cleared by at least 10 high-level officials at the Ministry of Agriculture. Were they not struck by this unusual clause sneaking by us? We are awaiting a response from the Ministry of Agriculture.

12325

CSO: 4504/411

BRIEFS

UNLICENSED FOREIGNERS--The Ministry of Manpower and Vocational Training have discovered 1,794 foreigners employed without proper work permits as stipulated by law. Legal procedures have been taken by the Manpower Ministry against them. According to Mr Saad Mohamed Ahmed, the Minister of Manpower, the total numbers of foreigners with work permits comes to 7,272 in addition to another 9,495 foreigners with work permits that have been renewed. The Ministry's policy with regard to employment of foreign manpower is based on effecting an equilibrium between the protection of national manpower and meeting the needs for foreign expertise for the implementation of the five year development plan, Mr Ahmed said. He added that total receipts of foreign manpower work permits amounted to some LE 1,200,000.--GSS. [Text] [Cairo THE EGYPTIAN GAZETTE in English 16 Jun 83 p 2]

CSO: 4500/236

IDF JOINS NAHAL BATTALIONS TO FORM NEW INFANTRY BRIGADE

TA070757 Jerusalem THE JERUSALEM POST in English 7 Jul 83 p 2

[Report by defense affairs correspondent Joshua Brilliant]

[Text] Tel Aviv--The Israel Defence Forces has formed a new infantry brigade by grouping several NAHAL battalions and giving them the appropriate training. The NAHAL combines military service with agricultural settlement.

The kibbutz movements initially saw the new move with some apprehension, because they feared the extra stress on the Nahal's military tasks could endanger its settlement role. But the United Kibbutz Movement [MAPAI-AFFILIATED movement], Kibbutz Artzi [MAPAM-AFFILIATED movement], and the Religious Kibbutz Movement agreed that since most of the Nahal units are in Lebanon, they should be a brigade, a very senior source in one of these movements said yesterday.

The decision to form the new brigade was taken by the general staff last August. Commanders were trained, and later, the soldiers--who had been serving in Lebanon--were brought to Israel for brigade-level training. Afterwards, the brigade was sent to the 'Ayn Zhalata area and has remained in Lebanon most of the time since.

The formation of the new brigade had been classified but yesterday, the IDF radio station, Gale-Tzahal, reported it.

A well-placed source said the development does not affect the arrangement whereby soldiers spend part of their service in new settlements, and NAHAL soldiers who had been trained in the Armoured Corps remain there. But new recruits arriving for the 22 months of purely military training are now sent to the infantry brigade.

In the past, NAHAL also included Yeshiva students who under a special arrangement with the IDF, serve 16 months in regular units. Now those students are sent to an infantry unit, a well-placed source told THE POST.

According to defence sources, the new arrangement gives NAHAL a framework in which it has auxiliary units at brigade level, allows for training in large formations and enables officers who started out in the NAHAL to be promoted within it.

CSO: 4400/422

NEW ISRAEL-ROMANIA TRADE SYSTEM INTRODUCED

Jerusalem THE JERUSALEM POST in English 8 Jun 83 p 6

[Article by Macabee Dean]

[Text]

TEL AVIV. — Trade between Israel and Rumania will increase considerably under a new system governing imports and exports drawn up by a special committee in the Manufacturers Association. This was announced yesterday by Moshe Nahum, who heads the association's foreign trade division. Committee chairman is Gad Propser, of Osem.

Negotiations with Rumania over mutual trade go back several years, when that country set up a special company, called Delta, to coordinate all trade. However, one of Delta's conditions was "purchase compensation."

This means, Nahum explained, that if an Israeli company, Negev Phosphates, for example, sells several million dollars worth of its products to Rumania, Negev Phosphates has to buy the equivalent in Rumanian goods, such as chemicals, wood, or processed foods. "But Negev Phosphates — this is just an example — does not have the set-up to sell these products here and thus runs into difficulties.

On the other hand, Israel has never made any such condition to Rumanian exporters who sell to Israel without the Israelis demanding a "purchase compensation."

The result has been, Nahum explained, that Israeli exports to Rumania have been dropping steadily. While they were \$35 million in 1980, they dropped to \$26m. in 1982 and will probably be no more than \$15m. this year.

However, Rumania's exports to Israel have grown steadily, from \$44.3m. in 1980 to \$50m. in 1982, and will probably be much more in the current year.

"Our new system — which we understand the Rumanians consider favourably — would establish global compensation." All transactions would be funnelled through one bank, which would keep track of all exports and imports. Israeli exporters would not have to become importers, but could export roughly the same sum as Rumanian exporters would send here. Thus, exports and imports would rise at the same general rate." According to our calculations, this will increase trade in both directions," he said.

CSO: 4400/401

BRIEFS

INCREASE IN TOURISM--Tel Aviv.--The incoming-tourism drought is over and projections for the summer are very promising, Nahman Kleinman of the El Al spokesman's office told THE JERUSALEM POST yesterday. He said that eight per cent more tourists came to Israel in May than in May 1982, adding that he was confident that this increase will continue this month and the rest of the summer. He said that El Al has a weekly 72-flight schedule to 26 destinations, including 12 flights per week to New York. Kleinman believed that the surge in tourism is partially thanks to an increase in Christian pilgrimages, some of which had been put off from last year because of the war in Lebanon. He also believed that Israel is offering more attractive tourist packages. He said that there has been a more favourable exposure of Israel in the past few months, including television interviews with Hollywood stars who have been in Israel recently. The stars gave warm descriptions of their visits here, one even stating that it is safer to walk in Israel than in Los Angeles. Several officials of car-rental companies in Israel confirmed Kleinman's statement, saying that they, too, have noted an increase in orders from tourists. [Yitzhak Oked] [Text] [Jerusalem THE JERUSALEM POST in English 3 Jun 83 p 2]

ISRAEL CHEMICALS INVESTMENTS--Tel Aviv.--Israel Chemicals is investing \$127 million during 1983/84, Yoram Ziv, director-general of the group, has announced. This sum will constitute about 15 per cent of all industrial investments in Israel during the year. Of the total, \$66m. will be invested in the Dead Sea Works, \$16m. in the Phosphates plants, \$12m. in Rotem Deshanim, \$10m. in the Brom plant, and the rest in the other plants in the concern. [Text] [Jerusalem THE JERUSALEM POST in English 9 Jun 83 p 6]

INCREASE IN ALIYA--Aliya increased by 22.8 percent during the first half of this year in comparison with the first 6 months of 1982, with 6,978 olim arriving since January, compared to 5,681 a year ago. Most of the increase was due to Western immigration, which rose by nearly 40 percent. According to the Jewish Agency's aliya department, the 4,940 Western olim is the largest since the establishment of the state, except during the peak years from 1969 through 1973. Last month, 353 Jews moved here from the U.S., compared to 188 in June, 1982. But aliya from the Soviet Union remains at its nadir, with only 41 arriving last month out of 102 who were allowed to emigrate. The rest--61--settled elsewhere. During the first 6 months of this year, only 180 Russian Jews settled here out of 639 who were given exit visas. [Text] [TA121200 Jerusalem THE JERUSALEM POST in English 12 Jul 83 p 2]

WORK IN NEW SETTLEMENT--Work on the new settlement in Samaria called 'Ofarim will begin in the next few days, by private entrepreneurs. Some 600 housing units are planned for that settlement, which is intended for Communications Ministry workers. It will be built jointly by some of the country's better-known contractors--the Dvir-GPS Company--in which contractors Pritzker, the Goldstein brothers and David Stern are partners. The work in the new settlement involves some \$42 million. A large industrial center is being built nearby. [Report by the economic affairs correspondent] [Excerpt] [TA050725 Tel Aviv HATZOFE in Hebrew 5 Jul 83 p 2]

CSO: 4400/422

MEA GETS FAVORABLE TERMS FOR EXPANSION LOAN

Paris AN-NAHAR ARAB REPORT & MEMO in English No 24, 13 Jun 83 pp 8-9

[Text]

Lebanon's Middle East Airlines has signed a LL 50 million (\$11.6 million) loan agreement with a group of 13 Lebanese banks led by Allied Business Bank, a small and hitherto little-known member of the Beirut banking community. MEA will use the loan to finance construction of two hangars at Beirut International Airport to house servicing facilities for wide-bodied jets. The airline believes that acquiring the capacity to service its own aircraft in Beirut instead of sending them to European workshops as at present will be enough to recoup the cost of the project. In addition, MEA is confident that persuading other Arab airlines to use the hangars will ensure their long-term profitability.

MEA's choice of Allied Business Bank to act as agent and lead-manager for the loan has raised a number of disapproving eyebrows in Beirut, notably among some of the bigger local banks who might have expected to get the mandate. Elias Saba, Chairman of Allied Business, told this newsletter that when MEA first approached the market, it was offered tough terms of 2 per cent above prime by the large banks. Asked by MEA if it could improve on these terms, Allied Business assessed the market and came back to offer the loan at a floating rate of 1/2 per cent above prime.

Some of the major banks were openly sceptical of Allied Business' ability to put the loan together on these terms, but when syndication came, banks committed a total of LL 93 million (\$21.6 million). The strength of the response prompted the five lead-managers - Al-Medina Bank, Banque Libanaise pour le Commerce, Audi Bank and the Bank of Lebanon and Kuwait, as well as Allied Business Bank - to scale down their individual contributions from a planned LL 10 million to LL 6 million.

Repayment of the seven-year loan starts in 1984, giving it an average life of 4.2 years. MEA will pay a 3/8 per cent commitment fee between signing and drawing down the loan, while Allied Business, which undertook

all the technical arrangements, will receive a flat 1/2 per cent management fee.

MEA incurred losses of around LL 200 million in 1982 and, due to continuing political uncertainty in Lebanon, expects to lose about LL 30 million this year. Asked what security the airline had offered to guarantee the loan, Dr Saba said that MEA had mortgaged the 19,000 square metres of land on which it intends to build the hangars. The land alone is worth about LL 53 million at current market prices, according to Dr Saba, who estimated the value of the hangars and their equipment, also mortgaged, at more than LL 45 million (\$10.5 million).

Dr Saba explained that MEA could be considered virtually a sovereign risk, given the company's national importance as the largest single employer in Lebanon and the past willingness of the Lebanese government to provide soft loans for it in time of financial difficulty. Last March, the Lebanese government loaned MEA LL 150 million (\$34.9 million) for 10 years with a five and a half year grace period at 5.5 per cent interest.

Dr Saba said that in case of default, the loan would have a privileged status, similar to that of MEA's borrowings from the government and local and foreign banks to finance its planned purchase of five European Airbuses. Thus, even if repayment might be delayed by negotiations, the government would be almost certain to step in eventually and prevent Lebanon's national flag-carrier from going under. This is of course a "worst-case" scenario.

The Chairman of Allied Business stressed the importance of the loan's timing, coming at a time when political uncertainty in and around Lebanon is hampering the early stages of the country's reconstruction effort under the new régime of President Amin Gemayel. The delay in getting foreign forces to withdraw from Lebanon has put a brake on economic activity and held up the flow of funds needed for full-scale reconstruction (*An-Nahar Arab Report & MEMO*, June 6).

From another perspective, Dr Saba argued that the nature of MEA's project showed that Lebanon's leading national company was reasserting its role – and therefore that of Lebanon – in the regional economy. He pointed out that Lebanon has always depended on the supremacy of its technical knowhow and professional skills to provide services not available elsewhere in the Arab world. In Mr Saba's view, MEA's bid to service the wide-bodied jets of Arab airlines symbolises the comparative advantage of the Lebanese economy.

The current near-stagnation in the Lebanese economy leading to excess liquidity in the banks was one of the reasons why response to the loan had been so favourable, Dr Saba said. The Allied Business Chairman noted that participating banks are an odd mixture, whose only common denominator is that they are all Lebanese. The group includes large and small banks, some of which have far-flung international operations, while others are purely domestic; some of them are old and well-established, others "novices."

Dr Saba put his own bank in a separate category, describing it as "renovated." Allied Business was formerly the Majdalani Bank, a small wholly Lebanese-owned bank run by the family of that name. Its takeover last year by

a group of Lebanese and Qatari investors headed by Mr Saba was delayed by the Israeli invasion, but was confirmed during the siege of Beirut in what was taken at the time as a sign of confidence in Lebanon's economic future (*An-Nahar Arab Report & MEMO*, May 10 and September 6, 1982).

Apart from the five banks mentioned above as lead-managers, Jammal Trust Bank, Adcom Bank and Banque de Beyrouth pour le Commerce are acting as co-managers for the loan. The other participating banks are First Phoenician Bank, Banque du Crédit Populaire, Prosperity Bank, Capital Trust Bank and Intra Investment Bank, which is a major shareholder in MEA. Dr Saba expressed his appreciation of the support he had received from Banque Libanaise pour le Commerce, among others. He added that he was encouraged by the fact that the participation of the Bank of Lebanon and Kuwait as a member of the lead-management group had been prompted by Citibank of New York, which has a management contract with BLK.

Dr Saba, who is a former finance minister of Lebanon, praised all the banks involved for their commitment to improving financial conditions in Lebanon and for showing their faith in the future of the Lebanese economy, as represented by a large national company such as MEA.

CSO: 4400/400

STATISTICS FOR FOREIGN TEACHER RECRUITMENT REPORTED

Muscat TIMES OF OMAN in English 16 Jun 83 p 1

[Text]

The Ministry of Education has recruited 2,274 expatriate teachers to teach in Omani schools from the new academic year. Of these 913 are women.

Mr. Said al Ghafiri, acting Director of Personnel at the Ministry of Education and Youth Affairs told the Times that of the 2,274, 1,551 are from Egypt, 245 from Jordan, 299 from Sudan, 142 from Tunis and 37 from Asian countries including Pakistan, India and Sri Lanka.

Meanwhile 875 teachers will leave Oman for good at the expiry of their contract period this year. Of these 575 teachers will go back to Egypt, 214 to Sudan and 86 to Jordan.

In addition, 652 expatriate teachers from various countries resigned this year for health

reasons or family problems. Their places will be filled by new teachers.

Mr. Said al Ghafiri expressed satisfaction over the increase in the number of Omani teachers. He said that so far 1,000 Omanis have completed their training at the Teachers' Institute.

He said that about 298 Omani teachers will take up posts during the next academic year. Of these 148 are male and 150 female.

Delegations from the Ministry of Education and Youth Affairs made visits to Egypt, Sudan, Jordan and Tunis to interview candidates.

There are about 150 Saudi teachers whose services have been lent to Oman by the Saudi Government. These teachers are paid by the Saudi Government.

CSO: 4400/403

MINA QABUS PROFITS UP

Kuwait ARAB OIL in English No 6, Jun 83 p 38

[Text] The retained profit of the Port Services Corporation Ltd. (PSC) Mina Qaboos, for 1982 has shown a considerable improvement over the previous year — \$1.8 million against \$1.4 million.

At the annual general meeting, PSC's ex-officio chairman Communications Minister Salim bin Nasser Al Busaidi said a feasibility study had been undertaken for expansion.

The turnaround of vessels would be decidedly faster than at present and the storage facilities would be better when the renovation plans are through in three years from now.

Currently, the Sultanate's prime port is experiencing a shortage of space for cargo handling and storage. To obviate inconvenience to users of the port, cargo deliveries beyond normal working hours are being effected without charging any overtime rate from patrons.

The present trend of increase in vessels

calling at the port has warranted a correspondingly spacious storage area and the ministries of communications, commerce and industry and land affairs and municipalities are working in unison to get additional back-up land at Jibroo.

During the year, there was a 46 percent increase in container traffic — as against 14,925 TEUs in 1981, the port handled 21,825. The pick-up in general cargo was 33 percent at 789,500 tonnes (592,000 tonnes in 1981): 28 percent in bagged cement 391,700 tonnes (305,500 tonnes in 1981) and 23 percent in the number of vessels calling 1,371 (1,115) in 1981).

It has been the corporation's endeavour to progressively Omanise jobs without adversely affecting the operational efficiency. Accordingly, a five-year program has been drawn up. The statistics reflect the success at Omanisation: the dependence on expatriates has dropped to 32 percent.

CSO: 4400/412

CEMENT COMPLEX PROJECT MOVING AHEAD

Kuwait ARAB OIL in English No 6, Jun 83 p 38

[Text]

The Oman Cement Company's plant being established at Rusail will begin production in September. The \$179.7 million project is complete with a road and housing complex.

Preparation is being made for the start of the raw material section — stockpiling and crushing — by the end of June.

The Oman Cement Company, is owned by the government.

Speaking on the progress of the plant, works manager Mohammed el Bahnassawi told The Times of Oman that the erection of some 90 per cent of the works has been completed and 98 per cent of the plant equipment has arrived on site.

The Cement plant has been built under a turnkey contract between Oman Cement Company and Krupp Polysius AG of West Germany. It can produce ordinary Portland and sulphate resistant cement up to 624,000 tonnes a year.

The main raw materials for producing cement are available in Oman and are sufficient for more than 100 years with the exception of one to 1.5 per cent of bauxite which will be imported. Gypsum will be quarried in Salalah.

Part of the funding of the project has come

from the Kuwait Fund which has given \$28.9 million under an agreement signed last year. The rest of the cost is being met by \$94.2 million from the government, a government loan of \$46.3 million and \$17.3 million from local banks.

To provide access to the site and to the housing complex from the Seeb-Nizwa road, a 10-kilometre road complete with street lights and a 40-metre diameter roundabout at the main entrance plant was designed by Turner Wright and Partners of Oman and a \$4.9 million construction contract was awarded to Wimpey Alawi.

A contract for the construction of a housing complex for staff was awarded to Wimpey Alawi at a cost of \$22.3 million. The complex, designed by Huckle and Partners, Oman, will house more than 310 staff and their families.

There are six large three-bedroom houses, 23 smaller three-bedroom houses, and five blocks of apartments having 60 two-bedroomed flats and 96 one-bedroomed flats and two dormitory units for 128 bachelor staff.

The housing complex will include a mosque, senior and junior staff clubs, swimming pool, a medical centre and shops.

CSO: 4400/412

HOUSING BANK GIVES ANNUAL REPORT

Muscat TIMES OF OMAN in English 26 May 83 p 2

[Text]

The Oman Housing Bank helped local families build more than 1,300 new houses in Oman last year with loans of over RO 20 million.

More than 60 per cent of the money went to people earning less than RO 400 a month, in line with the bank's policy of giving special help to Omanis on limited incomes.

The bank continued to spread its services throughout the country and in fact more than half the loans went to people outside the Capital Area, living in Nizwa, Salalah, Sur and Sohar where the bank now has branches.

More and more people are applying for loans now because the bank has gone to the villages, and because procedures have been simplified, says the chairman of the board Yahya Mahfudh al Mandhri, Oman's Minister of Education and Youth Affairs, in the bank's sixth annual report.

As a result, the bank's new policy is to provide loans only to people who do not already own a house, and with a maximum limit in all cases of RO 25,000.

To enable the bank to meet increasing demand, arrangements were made last year to obtain a long term multi-currency

loan equivalent to RO 15 million, which is now being drawn on.

Net profit last year totalled RO 1.63 million, giving an 11 per cent return on paid up capital, compared to 10.3 per cent in 1981.

Assets at the end of the year rose to RO 66.37 million from RO 47.01 million in 1981, amounting to nearly four times the assets held in 1979.

No dividend to shareholders was recommended, said Mr Mandhri, in order to strengthen the bank's financial position.

This has already been boosted with the Ministry of Commerce and Industry's ruling that insurance companies operating in Oman should deposit the whole of the required cash guarantee with the Oman Housing Bank, instead of the 40 per cent required previously.

The paid up capital of the bank currently stands at RO 20 million, divided into two million shares at RO 10, following the decision taken in March to double capital to increase resources.

Stockholders are the Omani Government, the Oman Development Bank and the Kuwait Ministry of Finance.

CSO: 4400/404

POWER PROJECT INCREASES CAPACITY OF PLANTS

Muscat TIMES OF OMAN in English 9 Jun 83 p 13

[Text]

The Ministry of Electricity and Water is setting up new stations for generating and distributing power and improving the existing networks to meet the ever-increasing requirements of Oman's trade and industry.

This was disclosed by the Director General of Electricity Jaafar Mohammad.

He said that during the remaining years of the current five-year plan, the principal emphasis will be on increasing the production capacity of existing power stations.

The capacity of the Ghubra plant has been increased from 237 megawatts to 285 megawatts by adding two gas units, each with a capacity of 26 megawatt.

A new plant is being set up in Rusail. The first-stage of the gas-operated plant will be complete by summer 1984 and the second in 1986. With the installation of the new plant, the total capacity of the Ghubra plant will go up to 500 megawatt.

At the end of the current five-year plan, the net capacity of the three power plants in Riyam, Ghubra and Rusail will go up to 807 megawatt.

The Director General disclosed that about 90 per cent of the Capital Area currently has electrical connections.

A new power station at Jibroo is now ready. It will start operating shortly. The Jibroo station will reduce the load on the Riyam station and this will, in turn, greatly help in reducing the chances of power-cuts in the Muttrah area.

The Wadi Adai power station will feed both the Wadi and the area between the Wattayyeh roundabout and Hamriyya.

The new stations include those set up in Seeb al-Dhabi, Azaiba, Maabila and Birka.

Work is in progress on setting up five new power distribution stations in the Capital. These will be in the Commercial Centre Area, Wadi. Ruwi, ministers and diplomatic enclave area, the Inter Continental Hotel area and the Seeb-Palace area.

CSO: 4400/403

BANK FOR AGRICULTURE, FISHERIES REPORTS SUCCESS

Muscat TIMES OF OMAN in English 9 Jun 83 p 12

[Article by Fermin D'Souza]

[Text]

The Oman Bank for Agriculture and Fisheries, which provides credit for these two traditional occupations, has helped 950 farmers and fishermen in just one year of lending.

As of May, the total number of loans approved is in the vicinity of 950 and the amount committed exceeds RO 4 million; a spokesman for the bank told the Times of Oman last week.

Mr Jacques Toureille, the bank's general manager and secretary to the board, said the achievement is exceptional considering that the bank started lending in April last year with an initial capital of RO 4.75 million.

Most of the loans have gone to agriculture, with fisheries representing about 10 per cent of the amounts committed.

Among the agricultural loans, 30 per cent are for new farm development, 30 per cent for modernisation of old farms, and the balance to livestock projects and mechanisation programmes.

An important aspect of the loans distribution is that most has gone to small farmers. Ninety per cent of the loans for farm development are below RO 15,000.

Special efforts are being made to help communities in hard-to-reach areas. Following a plan drawn up last year, the bank has started some programmes of assistance to remote regions of the Sultanate.

Specific assistance has already been given to the fishing community in Al Ashkara a fishing village on the east coast accessible by a dirt track which

skirts the northern fringes of the Wahaibah Sands.

The Al Ashkara fishermen operate traditional "booms" and the bank has been financing their construction here and in Sur, as well as the purchase of diesel engines and of fishing equipment.

Another programme is under way in the Southern Province to help fishermen market their production.

The first programme covers communities extending from Al Jazar to Shu'aymiah on the Kuria Muria bay, a region off the beaten track.

It is through such programmes in particular that the bank shows its originality and meets its specific assignments, Mr. Toureille says.

Administering three joint programmes with the Ministry of Agriculture and Fisheries, the bank is subsidising purchases of water pumps, tractors and fishing boats by farmers and fishermen.

The water pumps programme is a continuation of the one the bank ran very successfully last year. This year more than 1,000 pumps are expected to be installed throughout the Sultanate.

An original aspect of the programme is that the farmer has the choice to select the water pump he wants within a range suitable for his farm.

The fishing boats and tractors programmes were both started very recently. So far over 180 tractors and power tillers, as well as 450 boats and 500 engines have been distributed by the bank.

Charges

Again, from a pre-selected range, the farmers and fishermen can choose the equipment they want.

The administrative charges levied by the bank are highly concessionary and set to encourage the development of agriculture and fisheries, Mr Toureille said, explaining the bank's policy of distributing loans at low rates of interest.

The amount of the loan, as well as repayment schedule, he said, are adapted to the project and its capacity.

To operate in as extensive an area as the bank does, an astutely planned branch network is essential. Besides the head office in Ruwi, the bank has currently three branches operational in the Sultanate — in Salalah, Sohar and Nizwa.

Three more branches are under development and will be operational in the coming weeks in Seeb/Rumais, Al Kamil and Ibri. With that network, the bank will have branches in all regions of the Sultanate.

Progressively, a finer network of branches and offices will be developed in close liaison with the Centres of the Ministry of Agriculture and Fisheries, Mr Toureille disclosed.

To meet staff requirements as it expands, the bank is following an active personnel policy to recruit the best Omani people available to fill positions.

Staff

As of Arpil, the bank has about 50 people on its staff, two-third of them Omanis. Professionals represent about 60 per cent of the total staff and the ratio of Omanis to the total is again two-thirds.

Training is a very important element of the bank's personnel policy and it plans to systematically train its staff.

The bank's capital is RO 19 million. In 1982, it operated with RO 4.75 million, one-fourth of the authorised capital. The second fourth of the capital is being paid up this year.

The bank is governed by a board of directors with the Minister of Agriculture and Fisheries, Mr Abdul Hafidh Salim Rajab as chairman, and Under Secretary Hassan Abdullah Al Morazza as deputy chairman.

Of seven other members, two are representatives of the Oman Chamber of Commerce and Industry, one is from the Directorate General of Finance, and three are regional representatives.

They are Sheikh Aflah Hamad Salim Al Rawahy and Sheikh Hamad Issa Al Taie (both Chamber of Commerce), Mr Ali Ahmed Al Ansari (Director General of Finance), Sheikh Ahmed Mohammed Al Nabhani, Sheikh Saud bin Ali Al Khalili, Said Ali Al Kalbani (all regional representatives).

BRIEFS

PIPELINE EXTENSION--The contract for Yibal pipeline grid extension worth US \$1.11 million has been awarded to Dodsai GmbH Company. According to PDO project engineer, Joost Van der Flier the project will consist of one oil pipeline from Yibal B to A, a low pressure gas line from Yibal C to Yibal A, a high pressure gas line from Yibal A to Yibal B and second high pressure gas line from Yibal B to Yibal C. Another contract worth US\$1.1 million for monitoring the condition of the company's static equipment through non-destructive testing has been awarded to Messrs Metal and Pipelines Endurance Ltd. The contract will last for two years. [Text] [Muscat TIMES OF OMAN in English 2 Jun 83 p 9]

TARIFF EXEMPTIONS FOR GCC MEMBERS--The Deputy Prime Minister for Finance and Economic Affairs Mr. Qais Abdul Munim al Zawawi has issued a Ministerial decree concerning AGCC nationals intending to trade in the Sultanate. The decree permits all AGCC nationals to trade in Oman in industrial, agricultural, fisheries, livestock and contracting fields. The decree also specifies that all industrial, agricultural and other natural resources products will be exempted from customs duties provided they originate from an AGCC country. But several products such as cement and its by-products, plastics, dyes, oils, industrial cleaners, car batteries and electric lamps will not be exempted because they are in the early stages of production in Oman. Goods and passengers by land and sea will be given the same treatment as Omani products. [Text] [Muscat TIMES OF OMAN in English 16 Jun 83 p 4]

PETROLEUM INDUSTRY OMANIZATION--Two hundred and forty eight Omanis were recruited by PDO last year, consisting of 18 senior staff and 230 junior staff, 106 from the Coastal area and 124 from the Interior towns and villages and 18 from other areas. The Head of the recruitment said extensive efforts were made to attract and recruit suitable Omanis in different job categories. "Recruitment staff made frequent visits to Salalah and other main centres in the interior in order to explain the training opportunities that the company offers to Omanis", he added. Local authorities including Walis and labour officers were requested to assist in the recruitment drive. Over two hundred prospective candidates were screened and tested. [Text] [Muscat TIMES OF OMAN in English 2 Jun 83 p 12]

DEVELOPMENT LOAN--The Government on Tuesday signed an agreement for a \$300 million loan at the Ghubra Guest House. The loan is being channelled through a consortium of 42 banks. The agreement was signed on behalf of the Government by the Deputy Prime Minister for Financial and Economic Affairs, Qais Abdul Munim al Zawawi, and the Finance Under-Secretary Mohammad Moosa Abdalla. The seven-year loan is meant for development projects at margin of 1/2 percentage point over the London Interban Offered Rate (LIBOR) for the first two years and 5/8 per cent over LIBOR for the rest of the term. The loan is to be repaid in eight semi-annual instalments after a three and a half year grace period. The facility is arranged and managed by Gulf International Bank. [Text] [Muscat TIMES OF OMAN in English 9 Jun 83 p 34]

TELECOMMUNICATIONS LOAN--The Sultanate of Oman on Sunday signed a Kuwaiti Dinar three million loan agreement with the Arab Fund for Economic and Social Development. The loan will reportedly go towards financing part of the telecommunications expansion project currently being carried out in Oman. Deputy Prime Minister for Financial and Economic Affairs Qais Abdul Munim al Zawawi signed the agreement for the Sultanate while chairman Dr Mohammad Al Imadi signed for the fund. Also present at the signing ceremony at the Directorate-General of Finance in Muscat was the Under-Secretary of Finance, Mohammad Moossa Abdullah. The Kuwaiti-based fund was set up by the Arab League in 1968 to channel financing to development projects in the Arab World. A delegation from the fund, headed by Dr Imadi, arrived in Oman on Saturday for four days of talks with Omani officials. The Arab Fund chief called on the Minister of Posts, Telephones and Telegraphs Karim Ahmed al Haremy. He also met the Secretary-General of the Development Council Dr Sherif Lutfi, and the president and deputy chairman of the Central Bank of Oman, Dr Abdul Wahab Khayatta. [Text] [Muscat TIMES OF OMAN in English 9 Jun 83 p 29]

CSO: 4400/403

PAYMENTS MADE IN OIL FOR DESALINATION PROJECT

Singapore THE STRAITS TIMES in English 15 Jun 83 p 4

[Article by Koichi Ishiyama]

[Text] TOKYO, Tues. — Confronted with a sharp drop in oil prices, a Middle East oil-producing country is now offering to barter its crude oil for Japanese plant works.

Plant industry sources here revealed that the Qatar government had given Sumitomo Heavy Industries Ltd. about 2.5 to 2.8 million barrels of crude worth 20 billion yen (\$178 million) recently as part payment for a 28-billion-yen desalination project constructed by the Japanese company.

This is the first time that a Japanese company has received crude oil as payment for unpaid plant works abroad, the sources said.

Under the contract, signed in August 1981, Sumitomo had to construct four desalination plants with a daily

production capacity of 22,500 tonnes in Qatar by the end of this year.

In return, Sumitomo was to receive the equivalent of 28 billion yen in cash from Qatar. The sources said the construction works were going very smoothly, two months ahead of schedule, and expected to be completed by the beginning of November.

The payment problem occurred at the beginning of this year when Qatar, which has been paying in cash instalments for each completed phase of the works, failed to make payments — apparently due to its depleted finances, the sources said.

When the new fiscal year started in mid-April, the Qatar government failed to pay and started talks with Sumitomo over its payment difficulties.

Then, in late May, Sumitomo and

the Qatar Ministry of Water and Electricity signed a new contract allowing Qatar to fulfill its commitments—an outstanding balance of 20 billion yen, 18 billion for the works completed by the end of June and 2 billion for the future works—in crude oil.

Sumitomo has already received the crude oil totalling 2.5 to 2.8 million barrels. The Marubeni Corp, which acted as an intermediary between Sumitomo and Qatar, handled the sale of the crude.

Sumitomo will receive the payment in instalments in July and August, the sources said.

Plant sources are apprehensive that similar cases of "bartering the crude for plant works" are likely to recur, given the background of recent oil-price cuts and the accompanying deterioration of government finances in oil-producing countries.

CSO: 4400/405

PUBLIC LOSING CONFIDENCE IN EXCHANGE HOUSES

London ARAB BANKING AND FINANCE in English No 4, Jun 83 pp 27-28

[Article by Michael Petrie-Ritchie]

[Text] An Indian nurse about to leave Qatar after completing her tour of duty had to be treated for shock when she discovered her \$10,000 savings were lost in the collapse of Doha-based International Finance & Exchange Corporation (IFEC). The story may be apocryphal but it demonstrates the lack of sympathy among the capital's financial community for IFEC's management, who fled the country following the company's demise in April 1982.

Qatar's request for Interpol assistance to track down five people connected with IFEC and bring them back to Doha has so far had limited success. According to the director of Qatar's CID, Lieutenant-colonel Abdullah Salem al-Sulaitin, the key figure in the IFEC case is managing director Khaled Mohammad Malik, a British citizen now believed to be based in the UK. "We want to take him to court to find out what happened to the estimated QR100 million [27.5 million] which is missing," Al-Sulaitin told ABF.

One Doha banker told ABF: "IFEC was doing things it was not licensed for, such as taking deposits above interbank rates. IFEC was offering up to 30% on deposits. You either have to be pretty naive or greedy to go for that." (Qatar has a 7.5% ceiling on deposit interest rates.) IFEC also offered "unbeatable" rates for remitting money overseas, the banker added.

The deep suspicion in Doha about events leading to IFEC's crash is reinforced by the track record of the company's management. Vice-chairman Sartaj Sardar Khan, who owned 49% of the company, and managing director Malik were alleged to be previously linked with the ill-fated Euroseas Banking Company in Qatar. The two apparently left Euroseas to set up IFEC shortly before the former collapsed in 1981 with debts totalling about \$8 million.

Given that creditors have only just been asked to file claims against

Euroseas, it will be at least a year before the IFEC affair is settled. London-based chartered accountant Touche Ross & Company and a Doha firm have been appointed liquidators. Doha sources say IFEC has liquidated the assets of up to 16 associated companies in the US, Pakistan and Europe, including London-based KMK Capital Management.

The Qatari partner in IFEC, Shaikh Ahmad Bin-Abdullah Bin-Ahmad al-Thani, is reported to have denied involvement in the affair, claiming his 51% shareholding was on paper only.

and that he did not have a financial stake in the firm.

Enter the QMA

Since IFEC's collapse, Qatar Monetary Agency (QMA) has assumed long-overdue powers giving it the right to inspect the finance houses and ban them from taking deposits. QMA has lifted the maximum ceiling on the finance houses' capital but still requires a minimum capital of QR250,000 (\$68,680). Since the beginning of 1983 the agency has started to produce consolidated balance sheets for the exchange houses.

However, the fall of IFEC shook people's confidence in the exchange houses and many switched their business to the banks. The ensuing liquidity crisis for the exchange houses uncovered problems at two other establishments.

Arabian Exchange & Finance Organisation (AEFO) was stopped from trading, having run up debts of about \$5 million, most of it owed to Indian banks. "AEFO's problem was that it invested its cash-flow in slow-moving assets. It had the assets but not the ability to liquidate them quickly when needed," a local banker said. AEFO is to settle its local liabilities before resuming trading.

Middle East Finance & Exchange (Mefex) also felt the shockwaves of IFEC's collapse and was reported to have run into difficulty on its foreign exchange dealing. Mefex's sole owner, a local businessman, is understood to have personally guaranteed to cover the firm's estimated \$4 million-5 million loss and the firm has continued trading.

Public confidence

In a bid to restore public confidence several exchange houses are seeking management contracts with Indian banks. QMA has ruled that such agreements may not involve the transfer of more than 15% of local profits to the Indian partner. Nor may an exchange house employ more than two staff on secondment from the Indian bank.

Doha's Al-Shaibi Finance & Exchange Company, which has been negotiating with India's Syndicate Bank and Mefex, which has been in touch with State Bank of India, India's largest commercial bank, appear to be close to getting official approval to finalise the deal. Reserve Bank of India, the country's central bank, is apparently insisting that the exchange houses place with their Indian correspondent banks an amount equal to six weeks' worth of drafts to cover any future shortfalls.

During the exchange houses' liquidity difficulties, many allowed their Indian bank accounts to run dry while rupee drafts were still being cashed against their name around the country. Because of poor communications, rural banks in India had cashed millions of rupees worth of drafts before they discovered there was no money in the main account to cover them.

Other exchange houses are negotiating similar deals: Eastern Finance & Exchange with India's Canara Bank, Al-Mana Exchange & Finance Company with Muslim Bank of Pakistan and AEFO with Central Bank of India. "The deal with AEFO is seen as a way for the Indian banks to recover some of their losses," says a commercial source.

India is the main destination for Qatari remittances, accounting for about QR80 million (\$22 million) a month, local sources say. Pakistan and Egypt are the other two main destinations. Before the IFEC collapse, Doha's 10 main exchange houses were handling about 80% of remittance business; now it is shared 50/50 with the banks. The largest exchange house is Al-Fardan, which has a daily turnover of \$1 million.

Eventually the exchange houses will claw back their business from the banks. They have two main advantages: first, unlike the banks they are open in the afternoon when most people finish work, and second, they have lower overheads. This gives the exchange houses a highly competitive edge, enabling them to charge only QR2-3 (\$0.55-0.88) for a draft compared with the banks' fee of QR10-25 (\$2.75-6.90).

STEEL MANAGEMENT CONTRACT WITH JAPANESE RENEWED

Paris AN-NAHAR ARAB REPORT & MEMO in English No 25, 20 Jun 83 p 7

[Text]

The state-controlled Qatar Steel Company (QASCO) last week renewed for three years a management contract for its Umm Said direct reduction plant with Kobe Steel Company of Japan. A report from Doha said an intensive training programme was being set up to ensure that Qatari nationals would be able to take over from the Japanese managers when the new contract expires. QASCO began production five years ago. The Qatari government holds 70 per cent of the shares and the remainder are held by Kobe Steel (20 per cent) and Tokyo Boeki, another Japanese firm which has 10 per cent.

QASCO achieved a production record of 48,200 tonnes of steel reinforcing bars in May but has been hit financially by the recession in the steel market. According to QASCO Director Ezzat Maarouf, steel is being dumped in the Gulf states at prices below production costs by exporters from Latin America, Europe and East Asia. Current prices for steel vary between \$230 and \$250 per tonne in the Gulf compared to \$350 per tonne in 1974. Mr Maarouf said.

QASCO is nonetheless in a strong position because it has stable markets and there are now signs that the world-wide crisis for steelmakers is ending. Mr Maarouf asserted. Output from the plant has topped the 2 million tonne mark since 1978 and 87 per cent of this steel was exported. The remaining 13 per cent was used locally in Qatar, according to Mr Maarouf. Overall demand for steel in the Gulf region is estimated at between 2.5 million and 3 million tonnes a year by Qatari steelmen.

Until two months ago, QASCO was the only producer of steel in the region. Then Saudi Arabia's Hadeed steel complex at Jubail began production. The new plant is expected to reach its capacity output of 800,000 tonnes a year by late 1984.

Saudi Arabia has accounted for 40 per cent of QASCO's exports but the company clearly does not see the Hadeed complex as a competitor. QASCO has a cooperation agreement with the Saudi Arabian firm and has already trained 120 Saudis at the Umm Said plant.

CSO: 4400/405

BRIEFS

STUDENTS ABROAD--Of the 1099 students studying abroad on scholarships during the academic year 1982-83, 268 are doing post graduate studies, 796 undergraduate studies and 33 on lower levels, the director of cultural affairs at the education ministry, Abdul Rahman Neema said. Fifty-one students are in Saudi Arabia, 28 in the United Arab Emirates, 36 in Kuwait, 15 in Bahrain, 152 in Egypt, 151 in Britain, six in Syria, 597 in USA, 25 in Ireland, 16 in France, three in Australia, 10 in Jordan, and six in other European countries, he said. One hundred and eighty-seven students are expected to graduate this year, he said. [Text] [Doha DAILY GULF TIMES in English 11 Jun 83 p 3]

NEW DESALINATION METHOD--An experimental sea-water desalination plant, using the reverse osmotic pressure method will be commissioned at the industrial estate at the Umm Said township on Wednesday. It can produce about 22,000 gallons of water a day. The complex includes a small unit for the desalination of ground water with a production capacity of 1,200 gallons per day. Built in collaboration with Japanese Kobe Steel Company, the experimental operation of the centre will last for three years with the aim of testing the economic feasibility of the new method. [Text] [Doha DAILY GULF TIMES in English 30 May 83 p 3]

CSO: 4400/405

SYRIAN-ISRAELI MILITARY POSTURING ANALYZED

Israeli Objectives in al-Biqa'

Paris AL-MUSTAQBAL in Arabic No 328, 4 Jun 83 pp 24-25

[Article by Ghassan Bayram]

[Text] In an atmosphere charged with possibilities that war may break out between Syria and Israel, communications are under-way between Washington and Moscow to avoid the outbreak of war. Meanwhile, Lebanon shows its willingness to negotiate with Syria about protecting its security and its interests.

Last week local and international observers faced the possibilities that a military confrontation might occur between Syria and Israel. This military confrontation would begin in Lebanon's al-Biqa' Valley because of the military preparations and deployments that were being carried out by both Syrians and Israelis in that region. These preparations were accompanied by incidents that occurred between the Syrians and Israelis on the opposing fronts. Israel's airplanes appeared in the skies over al-Biqa', and Syria's air force and battery missiles opposed them.

Thus the deployments and reinforcements that are taking place on land and on the field constitute more than one indicator that both sides are headed to a military confrontation. Experts think that if such a military confrontation occurs, it will be one of the most violent battles and military confrontations between Arabs and Israel to date. It may [also] be the last Arab-Israeli war. As one diplomat put it, "It will be the war that would usually precede a state of permanent peace."

The violence of this confrontation, if it occurs, will be attributed to the following reasons:

First, Syria is going ahead with large troop deployments and military reinforcements under the protection of the advanced SAM-5 missiles and under the protection of the presence of thousands of Soviet experts. Lastly, but not finally, Syria is going ahead with [these activities] protected by the presence of the most modern Soviet weapons.

No matter what is being said now about the limits of the Soviets' military and political support for Syria and how far Soviet support for Syria may go, what is being said and what is known, at least on the surface, is that Soviet support for Syria appears now to be without reservations. Moscow is behaving as though the battle were its own just as it is Syria's. In the last message Damascus received from Moscow, it was stated that Soviet leader Andropov assured Syrian president Hafiz al-Asad that that support was unlimited. At the same time Andropov assured the Syrian president that Israel will not be permitted to defeat the Arabs this time.

Second, Israel, after its successful war in Lebanon, knows that its war with Syria this time will not be an easy one in light of what it sees and knows about Syrian military reinforcements, about the presence of the most modern advanced Soviet weapons and about the presence of Soviet experts. Israel knows that if it decides to embark on such a confrontation, it has to prepare itself well for it and it has to be determined to go through with it with clear superiority. [Israel knows] it will have to use the most advanced U.S. developed military technology in this possible missiles war.

Third, it is difficult to predict now that a new military confrontation between Syria and Israel would be a limited one this time and that it would take place in Lebanon's Biqa' Valley to bring about the evacuation of Syrian forces from Lebanese territory. It is difficult to predict and to be absolutely certain that Israel would not become engaged in wars for "small" objectives, but that it would rather embark on wars with major objectives that would serve its strategic and military interests not only in Lebanon, but also in the entire region. It is this belief that is encouraging many experts and observers to predict that if a military confrontation does in fact occur, it will begin in Lebanon's Biqa' and it will spill over deep into Syrian or Israeli territory. This is due to the balance of powers between the two sides.

Fourth, if a war of such proportions should break out, it will have the profoundest implications on world peace. A military confrontation such as this may not be isolated, coming in the wake of a political battle in which the utmost challenges have been made. The development of the confrontation between Syria and Israel is creating many fears now that the two superpowers' fleets in the Mediterranean Sea may become involved in this war.

Thus the mere fact of keeping up daily with what is going on on both the Syrian and Israeli fronts in the wake of the savage political battle that is being fought now over the future of the U.S. role in the area and the credibility of that role, as manifested in the agreement between Lebanon and Israel, is putting the world in a position of having to face the possibilities of this military confrontation, whether or not this confrontation would be limited and aside from the fact that the troop deployments and reinforcements were being carried out for an imminent war or they were merely maneuvers whose purpose is to apply pressure. Such maneuvers would then be part of the existing military confrontation between the two superpowers, and these maneuvers have a violent effect on the allies of both superpowers in the region.

But how long can one go on asking whether or not such a confrontation is likely

to occur? Accordingly, to what extent would it be proper to believe that troop deployments and military reinforcements are being conducted for a real war and not for maneuvers?

All this is attributable to considerations and factors in the international situation that are still mysterious, particularly with the two superpowers who can make the decision to have or not to have a war in this situation in particular.

It seems that although there is evidence and there are indications making it likely that an Arab-Israeli war will break out in al-Biqa' in accordance with what we mentioned, there is also evidence that points not only in the opposite direction, but, to say the least, does not encourage one to become overly confident about a confrontation occurring soon.

A few days ago diplomatic information relayed to major political agencies in the area affirmed that the hot line between Washington and Moscow was being used. The information affirmed that the hot line was being used to conduct U.S.-Soviet political talks. The American objective of these talks is to find a way out that would ensure the execution of the Lebanese-Israeli agreement and help in the negotiations between Lebanon and Syria to reach an agreement over the evacuation of Syrian and Palestinian [troops] from Lebanon.

This reliable information stated that Washington was trying to appear very positive in these communications with the Soviets. In that context Washington approved the U.S. wheat deal with the Soviet Union to show its good will and its desire to achieve detente in relations between the two countries at a future stage. In that context [also] Washington is inviting Moscow to encourage that trend by assuming a positive position in Lebanon.

On the other hand, American information states that ultimately the Soviets would not go to war with Syria against Israel. This war is not to be expected because the international situation would not allow Syria or Israel to be adventurous and to take risks in this area since the prevailing climate in the U.S. administration on the one hand and in the Soviet administration on the other is not conducive to involvement in any negotiations. This is because wars of this kind would not be allowed to happen unless they are preceded by an understanding about finding grounds for negotiations between the two superpowers. Without such an understanding, the consequences would be extremely serious.

Among the indications that a war is not likely is what is being said about Israel at the present time not being in a condition conducive to affording serious thought to a war with Syria. It is also being said that Israel cannot embark on a war whose objectives pertain only to the liberation of Lebanon from the Syrian and Palestinian presence in al-Biqa' and in the north. If it appears to Israel that the only objective of this war is to get the Syrians and Palestinians out of Lebanon, then it will not be prepared to embark on this war because such a war would not serve its interests much. Israel is hoping, if the Syrians remain in al-Biqa' and in the north, that it will hold on to south Lebanon to provide the required protection for its strategic interior. It would accordingly keep the waters of the Litani, one of its historical ambitions in Lebanon.

Therefore, Israel must be given Israeli objectives before it is called upon to think of a war whose objectives are purely American and Lebanese.

Amidst this debate about whether or not there will be a war in al-Biqa', Lebanon finds itself suffering the most damage from this prevailing equation. This is because the battle of Lebanon is being fought to bring about the departure of all foreign troops from Lebanon; its purpose is not to escalate the confrontation between Israel and Syria and cause a real war between them to break out. Such a war would create new conditions under which the agreement over a total withdrawal would be lost. What would then be required in accordance with these new conditions is a search for other solutions with other terms and specifications. No one knows what Lebanon's condition would be like under such terms.

Lebanon's refusal to go along with the logic of the debate about whether or not a war in al-Biqa' will break out made it refuse to become involved in the the ongoing meandering debate about whether or not to continue the agreement with Israel.

On the basis of this logic Lebanon has so far turned down any [requests] to look into the agreement. Lebanon is doing that through diplomatic actions it is taking in different areas.

In the context of such actions Lebanon rejected the allegation that the agreement infringed upon the sovereignty of Lebanon. Lebanon informed many mediators that this matter cannot be looked into at the negotiations table with Syria because the matter concerned Lebanon and Lebanon would be the one to decide whether the agreement infringed upon its sovereignty or not.

In the context of this same rationale Lebanon rejected the claim that the agreement infringed upon Arab interests and Arab security. If this matter had to be brought up, then it would be best to bring it up under the auspices of the Arab League. Lebanon would then have a great deal to say about the Arab position on Lebanon since the events began until the Israeli invasion. At that meeting Arabs could decide together what their position on the agreement between Lebanon and Israel would be.

The only matter that Lebanon thinks is negotiable with Syria is the claim made by Damascus that the agreement endangers Syria's security and creates an imbalance between Syria and Israel that is advantageous to the latter. Regarding this matter it seems that Lebanese authorities have prepared a complete report on negotiating with Syria in the presence of military and strategic experts. By studying this report an agreement can be reached that would ensure the security and the interests of Syria.

Although Lebanon is now inclined to have the Arabs arbitrate its dispute with Syria and although a decision has been made to call an emergency summit meeting of the Arab League, or a meeting of Arab foreign or defense ministers, two factors are preventing Lebanon at the present time from issuing an invitation to such an Arab meeting.

The first factor is that Lebanese authorities, particularly President Amin al-Jumayyil, want to give Damascus enough time to study its position and review its calculations in the light of the diplomatic actions Lebanon has taken so far on both the Arab and international scenes. Lebanese authorities want to give Damascus enough time to make a careful study of the limits of the Soviet position.

Lebanese authorities do not think that Syria will spend more than 1 week or 10 days studying this matter before Damascus defines its final choices.

The second factor is that Lebanon wants to give a chance to a set of Arab initiatives that were made in an effort to get an agreement between Lebanon and Syria. Actually, there are now one Saudi initiative, one Moroccan initiative, a Tunisian one and perhaps an Algerian initiative. It is not unlikely that these Arab initiatives will be combined and put to work together in this area.

Lebanon will decide, in light of the outcome of these Arab efforts, whether or not there is a need for an Arab summit.

Recent communications and consultations that took place made it seem that Lebanon has decided to rely on the Arab effort to solve the problem with Syria, despite the fact that a number of senior Lebanese officials are convinced that Syria's rejection was not a ploy but rather an earnest position intended in fact to scuttle the Lebanese-Israeli agreement even before it is made. Senior Lebanese officials are convinced that Damascus and the Soviet Union are basically in agreement over this strategic course. The Soviet Union thinks that scuttling this agreement is a strategic objective whose outcome would put an end to the U.S. role [in the area].

This political confrontation which is centered around the Lebanese-Israeli agreement started to enter the danger zone. It is this that made observers wonder whether this political confrontation would end with the agreement being scuttled or with a military confrontation between Syria and Israel. In either case the consequences would be extremely serious not only for Lebanon, but also for the entire region.

Inasmuch as the likelihood of this military confrontation breaking out has prevailed during the last few days, the possibilities that the agreement would fail because it would not be implemented also emerged. The latter possibilities effectively influenced the attitudes and morale of Lebanese officials and of the political forces supporting the agreement. This made U.S. President Ronald Reagan affirm on more than one occasion that he and his country were committed to the implementation of the agreement and the evacuation of all foreign troops from Lebanon. This affirmation was also made in a letter that Reagan sent to Lebanese president al-Shaykh Amin al-Jumayyil who is mobilizing major efforts to strengthen the domestic front and contain the Lebanese opposition to the agreement within Lebanon's legitimate democratic framework.

This is what has been happening so far!

The War in al-Biqa'

Paris AL-MUSTAQBAL in Arabic No 328, 4 Jun 83 pp 27-29

[Article by As'ad Haydar]

[Text] Will the seventh war in al-Biqa' be prolonged and will it turn into World War III?

This is the question [that is being asked] now after the countdown for the

seventh war in al-Biqa' began less than a month ago. What forced matters in that direction and raised questions about the possibility of a broad confrontation occurring between the two superpowers, the American and the Soviet, is the fact that Soviet and U.S. positions in the area appeared to be as close as the Syrian and Israeli positions in al-Biqa' were. Geography failed the test of the political confrontation challenges. For the first time since World War II Soviet experts and soldiers are facing U.S. marines on volatile territory, or they are rather sitting on a barrel of explosives. In all the regional clashes that occurred everywhere in the world since World War II, the Soviets had particularly avoided those areas where the Americans had a direct presence, preferring [in those instances] to keep their manpower out of confrontations and contenting themselves with supplying their proteges with the weapons they need.

In al-Biqa', however, and in the area from al-Biqa' to the Golan the situation differed and accordingly the positions. This scene is to be the last confrontation scene between the Arabs and Israel. The loss of Syria will not be an Arab defeat this time; it will rather be a Soviet defeat in a Middle East war that would shut Moscow out of the Middle East for many years to come. This outcome is not merely a possibility or an expectation. Even without such a confrontation, this is something that U.S. President Ronald Reagan expects will happen. At his recent press conference Mr Reagan said, "The Soviets have no place in the Middle East in order to enter into negotiations." This situation forced Moscow to change its strategy 180 degrees, and this is rare in the Soviet Union's recent history. This change was begun, as it was reported, by Soviet leader Andropov during his meeting with President Hafiz al-Asad. [Andropov said], "Rest assured, Mr President; we will not permit your defeat." Andropov translated this assurance into action immediately by effecting an air lift between Moscow and Damascus and setting up a sea bridge to Latakia to transport the most modern kinds of weapons in the Soviet arsenal to Syria. (Enough information has been published in AL-MUSTAQBAL and in other newspapers about the kinds of these weapons). Syrian territory and al-Biqa' were linked directly with the Soviet operations room via satellite. Finally, Soviet soldiers were stationed all around the SAM-11 and the SAM-5 [missile] bases.

While western industrial countries were holding their summit meeting in Williamsburg last Sunday, war loomed over al-Biqa' Valley. Everyone was reminded how Israel had attacked Lebanon while the summit at Versailles was in session. For a period of 48 hours it seemed that what had happened then would be repeated. What increased the possibility of a breakdown in the situation is the fact that Syrian and Israeli troop deployments were at their peak at that time. So much so that [Nicholas A.] Veliotis, Shultz's assistant secretary for Near Eastern [and South Asian] affairs declared, "The choices are there. We all know what happens when armies are so close." It turned out afterwards that Syrian troops were engaged in large-scale exercises with the Soviets. It is known that an Israeli military spokesman had affirmed in a statement on 28 May 1983 that "The deployment of Syrian troops was such that they could have shifted immediately to a general attack."

Before that degree of tension was reached, media agencies and numerous officials in Washington and in Moscow were accusing each other of "stirring up the war" and "playing with fire." At his press conference in Paris George Shultz said, "I am asking the Soviet Union to stand on the side of peace. Moscow ought to encourage

Syria to work for peace and not to turn it down." Moscow responded to Shultz by saying, "Washington gave Israel F-16 airplanes, prompting it to strike Syria. In view of such an escalation it is natural that the propaganda between Damascus and Tel Aviv be high-pitched. Damascus has affirmed that 'Israel was preparing to launch a blitzkrieg against it and that Washington had recently sent a military delegation to Israel to reach an agreement with Israeli officials about the time of the war.' "

It is evident that the Lebanese-Israeli agreement helped bring matters to a head between Syria and Israel. Syria suddenly found itself as though it were responsible for Israel's continued occupation of Lebanon. At least it was going to be held responsible for the partitioning of Lebanon even though, according to two well-known American commentators Roland Evans and Robert Novak, Shultz "had put pressure on Lebanon to sign an agreement with Israel that would be impossible to implement without Syria's approval. And if Shultz were to refuse to give Syria its minimum demands in return for withdrawing its troops, this would mean that Shultz was implicitly approving of Israel's occupation of the territory of the sovereign state of Lebanon, which it had invaded a year earlier."

The magazine, THE ECONOMIST, explained this comment by stating, "Syrian pride was hurt because Syria was faced with an agreement that was shaped without Syrian involvement. Syrian pride was hurt because Syria was [then] asked to take the necessary steps that would bring about the execution of the agreement."

This responsibility that was placed on Syria's shoulders is unacceptable to both Damascus and Moscow. The two capitals are in agreement that Israel's occupation army cannot be equated with the Syrian army, which was asked to come to Lebanon in 1976 by the legal government of Lebanon. If the withdrawals have to be simultaneous, then the Israelis have to withdraw unconditionally. This is because, as they the Israelis themselves stated, the war they launched was basically not a war against Lebanon, but rather war against the PLO. Therefore, Lebanon is not to be concerned with the outcome or the consequences of the war.

Observers indicate that the Lebanese-Israeli agreement was brought about by the United States and that the attitude and assumptions underlying this agreement are those of last summer's war. This means that this agreement, along with the Reagan plan, could have been effected if it had been presented during the 6 weeks that followed the war. But that this agreement, along with the plan, be imposed late in the spring of 1983 after all the given factors in the area have changed seems illogical and nonviable. Syria is not in the same [position it was in then], even though it may have regained its strength and more than its strength after the defeat it suffered in the air and in the battle over the missiles in al-Biqa' Valley. Nor is Andropov's Moscow the same as Brezhnev's Moscow. The new Soviet leader wants to carry out his own dynamic policy which is based on confronting the United States in the volatile areas [of the world] instead of leaving the scenes of confrontation unoccupied and having them get closer every day to the Soviet borders.

AL-MUSTAQBAL's correspondent Sabir Amin affirms on the strength of informed circles in Moscow that "After Yuri Andropov assumed leadership in the country, the Soviet Union set out to reformulate its strategic policy completely and firmly in three areas of the world: the Middle East, South Africa and Southeast Asia. This

change placed the Middle East first on the list of the Kremlin's strategic and Soviet security interests." In the years that followed the departure of Soviet experts from Egypt and Cairo's total surrender to U.S. advances, the entire region had been "shelved." This was followed by a bitterness that was felt even by ordinary Soviet citizens. At one point the Kremlin had asked some Arab ambassadors in Moscow to tour Soviet factories to explain the situation in the area and to make it clear to the workers that Arabs do return other people's affection and favors and that what happened in Egypt was an exception and not the rule.

The same sources affirm that the Kremlin under Andropov had directed its attention to the following points while formulating its new strategy in the Middle East.

--To foil and scuttle the Reagan plan no matter what. Andropov is reported to have said during his meeting with King Husayn when [the king] headed a seven-member committee in Moscow, "With all due respect to you, sir, we must tell you that we've decided to scuttle the Reagan initiative. This burden will fall on your shoulders, and I do not believe that you can tolerate all that pressure."

--The Middle East is an area that is not isolated from the other areas of the world, particularly the trouble spots of the world. Peace in the world is an indivisible entity. It cannot come about without a Soviet-American understanding. Any unilateral U.S. action in the region will not create peace, but will rather uphold the props supporting a dominating power that has been rejected and that must be scuttled and destroyed by all means.

--Implementing the agreement between Lebanon and Israel and the withdrawal of all [foreign] armies from Lebanon--and it is to be emphasized basically as well that equating the Israeli occupation army with the Syrian army that was invited by the Lebanese government is rejected--means that Lebanon would enter the U.S. camp and the Soviet Union would sooner or later get out of the entire region. It is known that the Middle East is one of the danger zones for Soviet security.

--The Soviet Union is not prepared to go once again through the experience it went through with Egypt under al-Sadat. This Soviet strategy has led for the first time in the region's history to a Soviet policy encouraging a confrontation between the Arabs, represented by Syria, and Israel. Heretofore, the Soviet Union had always curbed the Arabs' eagerness to have a confrontation. It seems that Damascus is aware of this development. What Syria's minister of culture, Mrs Najah al-'Attar wrote in the newspaper, TISHRIN on 30 May 1983 may make that clear. Mrs al-'Attar wrote, "The cohesiveness between the Soviet Union and Syria has become a matter of the utmost necessity and importance in facing up to the possible war." This Syrian awareness of the Soviet position gives any political and military action undertaken by Syria a strategic depth that was lacking in the past despite all the forms of Arab-Soviet cooperation.

The fact that war did not break out last week, as everyone expected it would, does not mean that it is no longer imminent. This war can break out at any moment. Each side has drawn the lines that may not be crossed. Israel construed the installation of surface to air SAM missiles on Lebanese territory in al-Biq'a, the downing of an Israeli airplane with a surface to air missile, or

the escalation of the war of attrition to mean the outbreak of war on all fronts. According to Syria's minister of defense Gen Talas, It was the first time for Syria to consider the fact that "it had the right to use its airplanes in Lebanon's air space to protect its forces and its security." Consequently, the downing of any Syrian airplane over Lebanese territory would be considered a military action.

And now we go back to the basic question: will the seventh war in al-Biqa' lead to a Third World War?

It is possible that this will happen. It is no secret that the SAM-5 and SAM-11 missile bases are guarded by Soviet troops. Any Israeli attack whose object is to penetrate Syria's defenses will mean, first, a [head-on] clash with the Soviet-Syrian Friendship Agreement. Second, it will mean a military confrontation with the Soviet soldiers who are guarding and operating the missile bases. It would be impossible for Moscow to accept having Soviet soldiers killed by a country like Israel. It is possible that the Soviets will respond to Israel's actions. It is also possible that the response may be broadened to include the U.S. marines who are stationed in Beirut within range of artillery fire from the mountain. This would be the explosive point at which the regional war would turn into a world war. What makes it more likely that this will happen is the fact that Syrian Minister al-'Attar wrote in her article, "The United States may join in this possible war with the weapons and troops it has stationed in Lebanon." This too is an added threat. Israel also appears to be prepared for broadening any war that may occur in al-Biqa' Valley. Israel's chief of staff Gen Mordechai Gur told Israeli radio that "Should the Syrians go to war, that fact would mean that the Soviets are intervening directly and are undertaking [to fight] a new war."

This awareness that all parties have [about the conflict] leads one to ask once again, "Will Reagan impetuously stick with his policy and Andropov with his strategy to the point of direct confrontation?"

Those who have been following the Willimburg Summit and who heard the communique that was issued by the summit--that communique considered the security of western industrial countries an indivisible entity in response to Soviet threats to deploy more missiles in Eastern Europe--found that the Soviet Union needed a more powerful test with the United States than it did any time in the past. This is because President Reagan's administration is trying to make the whole world dependent on the United States, as though the Soviet Union were not equally reliable or even as though it were non-existent. At the present time the only place for such a confrontation is the Middle East. To be specific, it is al-Biqa' Valley and from there to the Golan.

This dual U.S.-Soviet challenge reminds one of a reverse Cuban crisis. Although Moscow did make a concession in that crisis and withdrew the missiles from Cuba, [it seems that] it is Washington that will be compelled to make a concession this time: the United States should not block all of Moscow's avenues for peace. Otherwise, Moscow will have to use military means to establish peace [in the area].

DIFFICULTIES FACING BANKING SECTOR SURVEYED

Leirut AL-IQTISAD WA AL-A'MAL in Arabic No 49, Jun 83 pp 45-47

[Article by Bassam al-Yasir: "What Is Going On In The Emirates' Banks?"]

[Text] What is going on in the emirates' banks?

Information gathering here indicates that difficulties and cases of liquidity shortage have recently increased substantially and that some of them threatened the existence of several banks and forced fiscal and governmental authorities to take quick and high cost rescue measures aimed at limiting repercussions and preventing the generation of dangerous pressures on the banking system, especially since the system has more than one weak link.

Banks of the emirates currently experience the climate of a crisis that will probably worsen during the coming months. Bank circles here believe that the difficulties and local convulsions that have emerged are so far nothing but the tip of the iceberg and that what prevents the rise of problems in their full dimensions is the unexpected intervention of high government authorities to rescue the situation at the critical moment. That intervention usually take the form of huge financial assistance as well as a daily follow-up by the central bank, acting on two parallel levels:

Working to solve emergency problems or tremors that hit small private banks, and preventing their deterioration to the point of default and bankruptcy; and

Attempting to bolster the foundations of a sound banking system through the strengthening of fiscal authorities' control of banking activities, especially through the centralization of risk, the limitation on the number of foreign banks' branches, and the advancement of a plan to give majority ownership of banks to citizens, following the Saudization model.

Signs of The Crisis

Difficulties in the banking sector took various forms whose sharpness was determined by whether banks operated in Abu Dhabi or in the northern emirates (Dubayy and al-Shariqah), and varied from one bank to another, depending on each one's share of government deposits. Yet, all banks are equal when it comes to the problems of liquidity shortage or the high percentage of uncollectable and rescheduled debts. It is then noticed that throughout the past

years, a wide gap has existed between residents' deposits and loans, whose volumes were 26 billion dirhams and 32 billion dirhams respectively, according to the latest figures by the central bank. In addition, the largest share of deposits, 14 billion dirhams, was concentrated in Abu Dhabi, while the largest share of loans was in the northern emirates (25 billion dirhams out of a total of 32 billion).

This chronic deficit emerged in the form of situations approaching bankruptcy with the first economic tremor and the reduction of government expenditure. Containment measures have so far failed to hide four cases. In the case of a bank in Abu Dhabi, government intervention was required and took the form of an emergency aid of 800 million dirhams to cover dead loans valued at 750 million dirhams. Another bank in Dubayy is struggling to survive in the market despite its involvement in seemingly uncollectable and rescheduled loans valued at 1.2 billion dirhams. Other banks may not be in a better position if market pressures escalate, since deposits are limited to four or five major banks, while the rest are competing for a few deposits which virtually increased only in small proportions since 1976. These deposits peaked in 1980, but rolled back with the beginnings of the oil crisis, leaving behind a situation of high complexity. Among its signs is the usual competition to attract deposits, symbolized this year by higher interest rates, a measure adopted by small banks taking advantage of the central bank decision to abolish the interest ceiling and to leave the determination of interests to market forces.

Some banks went to the extent of offering rates up to 15 percent, while the maximum rate had ranged between 9.5 and 10 percent. Complicating the problem further was the lower dollar interest rates and the attraction to the dirham of investors who took advantage of banks' need for their deposits to get the highest rate. Although the major banks have not yet joined this competition, the situation is instigating questions, especially if it turns into a fixed policy--a development that would also threaten to aggravate the crisis of small banks when dividends of new deposits are due. These banks, however, are known to have no productive fields for the investment of their deposits in a way that would justify the high interest rates they offer. The matter is, therefore, nothing more than an attempt to postpone the problem, even if the price is to complicate the crisis further, with some banks resorting to such unsafe activities as speculation with shares, currencies and gold in the hope that "things will improve."

Vague Causes

If the immediate solutions are unexpected and uncontrolled by bank rules and procedures, to the extent that they derive from government attention to avoid convulsions, the causes of the crisis are also unusual and ungoverned by banking practices. They rather originate from various factors interwoven together. The most important of them are the wrong policies followed by some banks, resulting from lack of experience sometimes, and the interference of board members in the decision making process in a way serving their interests as businessmen and not as bankers, in addition to competition among 77 banks, financial institutions and representative offices, all operating in a narrow market. The central bank, moreover, is still limited in its capacity to organize

this sector because of its recency and the short span of the [emirates] unity experiment. The state is still in the course of transition from scattered emirates into an institutional state, although quick leaps have been achieved in this regard.

The banking sector has grown in a manner incompatible with market capacity. There are 52 banks: 23 national banks with local ownership ranging between 70 and 100 percent and 29 foreign banks.

There are four additional banks with limited licenses, three specialized commercial banks, 15 offices representing world banking institutions and three financing firms. All these banks have a total of 450 branches in various cities of the country.

Regardless of the contradiction between the number of banks and the simplest economic standards, many national banks were founded and had marginal economic activities because of their small capitalization and lack of talents qualifying for the occupation of distinguished positions in a market swarmed with well established banks. Since the major share of deposits is concentrated in one or two banks in each emirate, this has turned small national banks into banks owned by families or business groups using these banks to facilitate their businesses. Contributing to the banks' complicated situation is that board members--who are usually the sole or principal customers--grasp the major share of both facilities and loans which are unproportional to capital and deposits, completely unconcerned under normal circumstances about the status of their banks as long as the government does not allow any bank to collapse. The position of foreign banks is different. Since the beginning, they moved within a scheme aiming at maximizing profits. They took advantage of a "stimulated" market without becoming involved in risky operations. However, this does not mean they abandoned property and stock speculations.

Diversified Solutions

Since its establishment, the central bank has initiated a number of measures to lay down the minimum of sound grounds for an evolving banking system. The most prominent of such grounds is the centralization of risk whose purpose is to trace the status of banks and to exercise direct supervision over their activities to avoid the occurrence of any difficulties. The target is achieved through requesting banks to correct a certain aspect, as happened in the period before Suq al-Manakh crisis. The bank also decided to reduce the number of foreign bank branches. At the end of last year, their number had been reduced to half as a first phase. By the end of this year, the number is expected to be further reduced to a single headquarter and seven branches in various cities. In a complimentary step, the bank announced a plan to increase the effectiveness of national banks, starting by asking them to amend their status so that foreign participation would not exceed 20 percent as a first phase. Thus created are the necessary grounds for government support to the national banking sector, being the fundamental basis for banking activities in the state. Banks responded to the request; and the central bank also proposed the idea of consolidating the national banks to create big banks capable of competition

on the emirates and the Gulf levels. Bank sources emphasize that the objective is to give a push to national banks through the consolidation of their capitals, reserves, administrative potentials and facilities into 10 or 12 banks. Consolidation will also lessen risks and save financial and administrative costs.

These steps are peaked by the central bank announcement of a new policy to nationalize foreign banks gradually on a case-by-case basis, providing that this would happen voluntarily to allow the minimum level of competition in the banking sector, and in compliance with the principle of economic freedom adhered to by the state. It seems that some foreign banks have found in the nationalization policy an opportunity to get out of the economic slow-down and low profits, on one hand, and the obligation to maintain their presence in the emirates market, on the other hand. Thus, a large number of them requested transformation into national banks, a situation that led the central bank to decide that national participation in the capital of new banks should not be below 60 percent and that the majority of board members should be national citizens who would have the authority to make decisions. Central bank sources emphasized that not only would nationalization comply with the wishes of foreign banks, but also an evaluation of applicants will be made according to recognized banking standards under the supervision of the Ministry of Finance and the central bank to avoid involvement with banks which are weak or facing difficulties that would offset the real essence of the nationalization policy.

Although results of this policy are not yet clear, indications confirm its success despite opposition from some players who find in it a limitation of their roles.

To that extent, the central bank requested national bank administrators to end exceptional facilities to board members, one of the most critical problems. But scoring fast achievements in this field is not easy.

Until the foundations of a modern banking system are laid, the banking sector in the emirates remains something of a "miracle." Banks, especially the national ones, have proved to have high capability for work amidst difficult circumstances. Only two cases of bankruptcy were filed during the 1977 stagnation crisis, although a destructive banking tremor was expected. Senior financial sources say that now unexpected convulsions are impossible and the central bank's policy will lead to creating entirely different situations. Until this time comes, an old banker sums up the situation by saying, "The banking system in the emirates has its own particularities. Its trial must stem from these particularities since evaluation according to ready-made standards would lead to erroneous results. Problems or crises are unusual in a banking sense, so solutions too will be unexpected."

12357

CSO: 4404/439

PEOPLES DEMOCRATIC REPUBLIC OF YEMEN

BRIEFS

AIRLINE EXPANSION--Sharjah: Yemenia, the South Yemen airline, plans to expand its European services with a new route to Paris and Athens. A once-weekly flight from Sanaa to Athens, Paris and London will begin on June 20, 1983, the airline's Sharjah office reports. The European route expansion will be supported by improved marketing programmes, including simplified visa requirements and an improved acceptance of women tourists. Yemenia may buy its first wide-body aircraft, and it is a toss-up between Airbus Industrie A310, B-767 and a DC-10. [Text] [Doha DAILY GULF TIMES in English 22 May 83 p 11]

CSO: 4400/406

TEHRAN RADIO COMMENTS ON WITHDRAWAL OF SOVIET TROOPS

Tehran TEHRAN TIMES in English 29 Jun 83 p 2

[Text]

TEHRAN, (IRNA)— The "Voice of the Islamic Republic of Iran" (Tehran Radio) said in its Monday morning commentary that the Geneva conference on the issue of Afghanistan "which is organized upon a collusion between the United States and Soviet Union" is not likely to reach any conclusion, and that the only way for ending the problem in Afghanistan lies in the withdrawal from the Afghan territory of the occupying forces and an end to interference there by the foreign powers. It said also that any effort for solving the situation in Afghanistan which should ignore this principle is doomed to failure.

The commentary reminded that the deadlock in the third round of negotiations at the Geneva conference is an experience in proof of this inescapable fact. Excerpts:

"Pakistani Minister of foreign affairs Sahibzada Yaqub Ali Khan represents his country in talks for reaching a compromise on the issue of Afghanistan set out for China one month before the start of the third round of talks on the issue, and held talks with the Chinese leaders. Later on he met and talked with the British minister of state for foreign and commonwealth office Douglas Hurd.

"Similar meetings and talks were held on the subject between officials in Paris, and in Washington and in talks

between Yaqub Ali Khan and the French minister of foreign affairs and the U.S. secretary of state in order to get the official word of the Western countries on their recognition of a Soviet puppet government in Afghanistan.

"At the end of this round of talks, the Pakistani Minister of foreign affairs went to Moscow on June 9 for talks with the Soviet minister of foreign affairs Andrei Gromyko... At the end of this talk it was announced that an agreement on the issue of Afghanistan was not in sight, and with such a declaration they, as though openly, admitted the presence of huge obstacles lying ahead in the Geneva talks over the issue of Afghanistan.

"At the end of the second round of talks, the UN deputy high commissioner for refugees, William R. Smyser went to Pakistan in order to visit refugee camps and also hold talks with the Pakistani leaders. Political observers said that the visit had been made in the wake of stern opposition on the part of the refugees against the Geneva talks for returning them to their homeland through a compromise. The third round of talks in the Geneva conference started out in an environment of uncertainty, and ended seven days later without any conclusion.

"Cordovez who evaded an

open admission of a deadlock in the talks, said (after the conference) that he would continue his efforts in his future visits to the countries of the region and also to Tehran until the end of the summer 1983. Cordovez has already several times visited the Islamic Republic of Iran and each time the Iranian authorities told him flatly that in the opinion of the Islamic Republic of Iran which is committed to supporting oppressed masses throughout the globe, and to siding with righteous stands against falsehood, the key to the solution of the problem in Afghanistan lies in the unconditional withdrawal from there of the Soviet troops, and the return of Afghan

refugees to their country and in the non-interference of foreign powers in the internal affairs of Afghanistan. Iran's most recent position in relation with the recent Geneva conference was published in a communique by the Iranian ministry of foreign affairs last week. Said the communique, "The Islamic Republic of Iran while declaring its full support for the struggle of the people

of Afghanistan against any imposed government, recognized the solidarity of all strata of the Moslem masses of Afghanistan and of the Afghan Mujahideen without regard to religious and ethnic differences as a requisite for perpetuating their struggle and their resistance against the increasing plots of the West and East.

"Political observers believe that the absence from the Geneva conference of the true representatives of the Afghan people, was the principal reason for the aborted efforts of the conference. In addition the non-recognition of Karmal's regime by the Islamic Republic of Iran and the absence from the conference of Iran's official representatives has deprived the conference of necessary sanctions for pursuing its efforts...

"The Geneva conference on the issue of Afghanistan is not therefore likely to reach any conclusion. The only solution to the Afghan issue is the withdrawal from the Afghan territory by the occupying forces, and cessation of interference in that country by the foreign countries..."

CSO: 4600/740

LACK OF PROPER INVESTMENT FACILITIES FOR OVERSEAS REMITTANCES HIT

Dhaka DAINIK BANGLA in Bengali 17 May 83 p 5

[Editorial: "Remittances of Overseas Bengalis and Their Investment"]

[Text] There have been many complaints against the difficulties in investing remittances from overseas Bengalis in this country. Last Wednesday, at a news conference held in Dhaka, the president of the National Council of Organizations of Bangladeshis in the United States complained that due to the absence of realistic procedures and proper administration and to inadequate policy and operational complications, overseas Bengalis are unable to invest their hard-earned money in productive ventures. On the other hand, since there are no restrictions on the remittance of foreign currency into the country, these remittances fall readily into the hands of foreign capitalists. Apart from that, he also mentioned the difficulties overseas Bengalis face due to problems in postal and banking methods.

There are now a few million Bengalis engaged in various professions and jobs in the Middle Eastern countries and in the United States. These Bengalis earn an enormous amount of foreign currency. They send a large portion of their earnings to their homeland. These remittances are constantly increasing. In the first 3 months of this year, overseas Bengalis sent over 4.02 billion taka to this country. This is certainly an enviable amount. But the unfortunate thing is that a large portion of this enormous wealth is going to unproductive sectors, which in turn helps worsen inflation in our economy. On the other hand, if this wealth were utilized in productive ways, it could help put our economy on a stronger footing.

Our foreign currency situation cannot be considered satisfactory. We have to spend many times more in foreign currency than we earn. In this regard, one of our main sources of hope is the earnings of overseas Bengalis. Just as it is important to take proper steps to bring this money into the country, it is equally important to make proper use of it, invest it in productive ventures and use it for the industrialization of our country. Overseas Bengalis would like that very thing, too. But their complaint is that in trying to do that they become subject to harassment and difficulties. If this complaint is valid, then it is certainly a most unfortunate matter. In the interest of improving our own economy, all steps must be taken immediately to remove all administrative complications and other red tape in order to facilitate the investment of earnings of overseas Bengalis in the country.

12195

CSO: 4607/11

PLANNING NEEDED TO CUT OIL IMPORTS, FOREIGN CURRENCY DRAIN

Dhaka SANGBAD in Bengali 19 May 83 p 4

[Editorial: "Use of Oil and Alternate Energy Resources"]

[Text] Over the past 35 years, the use of oil has increased 14 times. And during the last 2 years, the cost of importing oil has risen more than \$310,000. As a result, we now spend over 80 percent of our export earnings to import oil. This fuel crisis has not been limited to Bangladesh alone; the effect of the abnormal increase in OPEC oil prices has been worldwide. But a poor nation such as ours suffers greater consequences than many others. Naturally, the question arises as to how this oil, which is purchased with our hard-earned foreign currency reserves, is being used. To what extent have we been successful in conserving energy or making use of alternate energy resources?

In the developing countries, energy conservation programs have been highly successful. From the same perspective, how far have we, one of the world's poorest countries, been able to economize on our use of oil? Do we have any plan of action, in the real sense, to accomplish conservation? We do not see any evidence of such plans from our actions. Has there been any less wastage in the refining or distribution of foreign oil? A large quantity of oil is wasted due to faults in our own conservation methods. Then comes the aspect of its use. There is no dearth of wastage in this respect either. Up to a few days ago, the use of oil in government vehicles was totally unrestrained. Now such practice has changed to some extent. Furthermore, one can but wonder at the large number of automobiles in a poor country such as ours. Looking at the overabundance of automobiles on our city streets, who could even imagine that over 85 percent of our people live under the poverty line? In many countries that are financially better off than ours, such an abundance of automobiles and such widespread wastage are not evident. China, Vietnam and a few other countries in Southeast Asia should be our models in this respect. In those countries, the main form transportation in the cities is the bicycle. Even many high government officials commute to their offices by bicycle. They do not consider it degrading. They are benefitting two ways--they do not have to spend huge amounts of money to import automobiles, and they do not have to spend almost all of their export earnings to import oil.

Unless we understand the root of the problem, the problem is certain to get worse. At a recent seminar, economizing on the use of oil was stressed, and great importance was placed on this aspect alone. But is it possible for us to achieve this goal of economizing? Unless we stop waste, we will continue to drain our monetary resources. It takes a planned effort to economize.

Opening the seminar, the deputy chief martial law administrator and minister of energy said that due to the increase in demand for natural gas, the use of fuel oil has decreased and that over the next 5 years the demand for oil is expected to drop by 50 percent. This is certainly a hopeful sign. The more this goal is achieved the better will be prospects for all of us.

We do have alternate energy resources. If we can change the methods of its use, we can greatly reduce our dependence on foreign oil. We have an unlimited supply of fuel wood. If planting and use of trees are done in a planned manner, much of our fuel problem could be solved. Though this resource has unlimited possibilities, we are unable to make use of it because of our lack of planning. We are cutting down forests indiscriminately but taking no steps to make up for the loss through reforestation. As a result, the gap has become enormous--the nation is about to become totally deforested.

We must not depend on one source of energy alone; we should make carefully planned efforts to use all other sources that might present some possibilities. Along with our efforts to economize, we should also make every effort to utilize our other resources to alleviate the crisis.

12195

CSO: 4607/11

RECENT 'TUDEH PURGE' DISCUSSED BY TURKISH MAGAZINE

Istanbul MIDDLE EAST REVIEW in English Jun 83 p 15

[Article by Cumhur Abaci]

[Text]

Those who look for Moscow's finger in every anti-U.S. and anti-Western political activity were again proved wrong in the latest mass purge undertaken by the Islamic Republic of Iran among members of the communist Tudeh Party. The Iranian administrators, who detained the Tudeh leaders last March, later carried out a broad-scale purge, largely destroying the roots of the pro-Moscow party.

This act, which called forth strong protests from Moscow, brings a number of questions to mind. Above all, the question of why such a move was undertaken should be answered. And following this, the second question is why the purge was started four years after the revolution.

This much is certain, namely, that the Iranian revolution, even in periods when anti-American hostility reached its highest proportions, has maintained a distance in its relations with the Soviet Union. The reason for this must be sought in the historical uneasiness that today's Iranian administrators and the Iranian people have felt in the face of the word "imperialism". Beginning with the concessions of the 1860's, Iran underwent first British, then Russian occupation, and the Russians again had a hand in the destruction of the Constitution. The Tudeh Party, which became powerful for a time following the Second World War, completely lost its effectiveness and respect among the people upon entering the Soviet orbit. Then, during the

time of the Shah, the country was drawn into the U.S. sphere of influence. The Iranian people, who, throughout their history, had to struggle not just against one but against several imperialist powers, carried out the 1979 revolution not merely against the U.S.-supported regime of the Shah but against imperialism of every sort, in order to regain their national identity. The revolution, which manifested itself as a rebirth of Islam, can actually be explained as a bond of "selective affinity" established among anti-imperialist demands coming from various sectors of society. For this reason, Iran's administrators took a cautious approach as much against other powers, such as the Soviet Union, who showed a tendency to interfere in their internal affairs, as against the U.S.

Connecting the recent purge to this fact is a sufficient explanation.

Now, to turn to the question of why the Tudeh purge occurred four years following the revolution... In our view, it is still too early to give a definite answer to this question, because the political structure created by the Iranian Revolution functions behind closed doors. One might hypothesize that the Soviets only recently attempted to establish their influence through Tudeh channels. Or, it might be suggested that only now did the Iranian administrators feel strong enough themselves for the Tudeh purge.

Yet another aspect of the action undertaken against Tudeh is the subject of the liberalization of the political system in Iran. A few developments that have occurred in the country since the beginning of 1983 have fed hopes that there may be a return, albeit slow, to the rule of law. The measures undertaken, at Khomeini's behest, to prevent the arbitrary decisions of the revolutionary courts, and the establishment of a council to decide on Khomeini's successor, have strengthened these hopes. However, purges of this sort, even against members of a satellite party such as

Tudeh, constitute a blow levelled at a life principle in harmony with the human dignity so staunchly defended by Islam.

In short, the Iranian Islamic revolution always leaves those who view it from a distance with a mass of contradictory feelings. Iran, who, on the one hand, has won respect by her sincere approach to the subject of non-alignment and independence, and thus become a model for the Third World, is overshadowing her own success on the other hand through internal repression far from becoming to human dignity.

CSO: 4600/716

DEFENSE MINISTER DISCUSSES BOMBARDMENT OF RESIDENTIAL AREAS

Tehran KEYHAN in Persian 21 Jun 83 p 19

[Text] Susangerd--KEYHAN mobile correspondent: Colonel Salimi, Minister of Defense of the Islamic Republic of Iran, continuing his visit of Susangerd and Dehlaviyeh, was asked by KEYHAN's mobile correspondent in an interview what the Islamic Republic of Iran's response would be to recent threats by the mercenary Iraqi regime to bomb Iranian cities, and what its position would be against the behavior of the Iraqi Zionist government and its allies. He answered:

The government of the Islamic Republic's position concerning the bombardment of defenseless cities and non-military inhabitants is nothing other than its very previous position, which is that the Zionist government and the Ba'thist regime is trying to get us to respond in kind by bombing cities. Then there would be an uproar and the groundwork would be laid in the minds of the people of the world for that undesirable peace that they are always promoting, and we would be pressured by world opinion. We, however, following the same procedures that we have been following, cannot attack cities and fire on them. Likewise, the Imam will not in any way authorize firing on cities and their inhabitants. Our procedure will be the same as before until such time as an order to do otherwise is issued by the Imam, and that will happen when we perceive that the only way for us to reach our stated goals, the same three demands we have always made, is for us also to hand Saddam a number of war casualties by bombing his cities.

He also said: The people of Khuzestan and all the other cities in the war-stricken areas have taught us what it means to grasp the rope of truth and stand on one's feet. Colonel Salimi added: After the triumph of the Islamic revolution of Iran, we sought peace in order to rebuild the destruction of the former regime, but if we sought peace and did not want war, it did not mean that we would not defend our dignity and our land in the face of aggression against Islam by our enemy and his mercenaries, and we will not abandon the war until we have attained our lawful rights. He then added: On the anniversary of the martyrdom of Chamran and his fellow combatants, I proclaim that we promised dear Chamran and the other martyrs that the least of the things we demand of the enemy is the death of Saddam and the 'Aflagist Ba'th party. In the first days of the war our enemy boasted that within

15 days he would speak on Ahvaz radio, but you have seen what has happened because of the courage of our combatants, for the day has now come when he is consistently calling for a cease fire on various pretexts. It is our duty, however, to continue this was despite all the rockets that the enemy drops on our cities and despite all the bombings.

Colonel Salimi was asked another question by KEYHAN's correspondent concerning the Ministry of Defense's undertaking a month ago to open several factories, the effects of these openings, and the Ministry of Defense's role in supporting and supplying the armed forces. He said:

One of the responsibilities of the Ministry of Defense is to support the armed forces and to secure and prepare the principal defense items. This has been done up until now, and it will continue in the same way in the future, but the opening of these factories will have a direct effect on the armed forces, where the battery factories are concerned, which are used by armed forces vehicles, where mechanical factories are concerned, which supply individual equipment for individuals in all three armed services, the gendarmerie, the sheriff's departments, and the revolutionary guards, and where other factories which have been opened are concerned. They will have a direct effect on the fighting units.

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